FEDERAL EMERGENCY MANAGEMENT AGENCY'S DISASTER RELIEF PROGRAM

(102-19)

HEARING

BEFORE THE

SUBCOMMITTEE ON
INVESTIGATIONS AND OVERSIGHT

OF THE

COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

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FEDERAL EMERGENCY MANAGEMENT AGENCY'S DISASTER RELIEF PROGRAM

WEDNESDAY, MAY 15, 1991

House of Representatives,
Subcommittee on Investigations and Oversight,
Committee on Public Works and Transportation,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:35 a.m., in room 2253 Rayburn House Office Building, Hon. Robert A. Borski [chairman of the subcommittee] presiding.

Mr. Borski. The Subcommittee on Investigations and Oversight meets today to continue its review of the Federal Emergency Management Agency's Disaster Relief Program.

The subcommittee held hearings last May to examine FEMA's relief efforts following the Hurricane Hugo and the Loma Prieta earthquake disasters. It was generally understood that FEMA's resources were stretched to the maximum following these back-to-back disasters. While it was found FEMA fulfilled much of its basic mission of supplementing State and local efforts, there appeared to be need for improvement.

Three principal areas were cited: The grant application process for individual assistance; the inadequate disaster preparedness training and coordination among Federal, State, and local officials; and major discrepancies between State and Federal damage cost estimates, which has led to disagreement over reimbursement levels for public assistance. During this hearing we intend to look at these issues more closely.

We will receive testimony from the General Accounting Office on their report published this March that provided a number of recommendations to FEMA and Congress for improving disaster relief.

Within the past few weeks, FEMA officials have indicated that the disaster relief fund is running low. There is approximately $116 million left in the fund, of which $70 million has been allocated for individual assistance. However, no provisions have been made to fund the public assistance program for the remainder of the fiscal year.

We have many questions about this budget crisis that we hope to have answered today. Did FEMA know of this shortfall prior to its fiscal year 1992 budget request of only $185 million? What problems exist in FEMA's internal fiscal management system that would explain a $540 million shortfall in fiscal year 1991? And how does FEMA intend to pay for continued disaster assistance if no additional funds are appropriated to the programs this year?

It is inconceivable that at a time when local monies are tight, FEMA is unable to fund public disaster assistance until the next fiscal year. It is unacceptable for disaster victims to bear the burden of FEMA's failure to manage its resources properly. This may indeed be the largest disaster of the year.

We also want to find out where FEMA needs adjustment. Does Congress need to amend the Stafford Act, or does the agency need to fine-tune its regulations?

Today we will hear from Congressman Douglas Applegate, a distinguished member of the Public Works Committee, whose district was involved in a devastating flood last summer. In addition, we are pleased to have with us Congressman Jim Jontz from Indiana, and I understand that Congressman Phil Sharp may be joining us shortly. Also testifying are witnesses representing the National Emergency Management Association; State and local officials from Ohio and Indiana; the General Accounting Office; and Mr. Wallace Stickney, Director of FEMA.

At this time, I would like to recognize the distinguished gentleman from California, our ranking Republican member, Mr. Packard.

Mr. PACKARD. Thank you, Mr. Chairman.

Before my opening statement, I would like to ask unanimous consent that we enter the ranking member of the full committee, John Paul Hammerschmidt's statement for the record.

Mr. BORSKI. Without objection, so ordered.

[Mr. Hammerschmidt's prepared statement follows:]

STATEMENT OF HON. JOHN PAUL HAMMERSCHMIDT

Thank you, Mr. Chairman. I think it is important that you are holding these hearings on Federal Emergency Management Agency activities, particularly now as the Agency is undergoing a budget crisis.

We are all familiar with the importance of FEMA's role. As every one of my colleagues knows, in times of emergency we look to FEMA to help our constituents make a new start in the face of disaster.

We know first-hand how assistance from FEMA can make the difference for so many, and we are also the first to hear about it when the response isn't what is expected. Based on my knowledge of FEMA's performance annual floods in my own State of Arkansas, I think the Agency has done a good job overall in providing recovery assistance. But I certainly have some concerns about the curent shortfall of funds, and encourage this subcommittee to fully investigate FEMA's internal management practices.

Mr. Chairman, I commend you for holding this hearing, as it is important to ensure that FEMA's performance is what we expect. Thank you.

Mr. PACKARD. I want to thank you, Mr. Chairman, for calling the hearing. I appreciate the opportunity to welcome the witnesses and to hear their testimony today.

The Federal Emergency Management Agency plays a vital role in assisting victims of disasters throughout the country. Its mission is one that touches every State and territory in times of crisis and trauma. The relief FEMA both provides and coordinates has been an essential element in the recovery of loses for thousands of State and local organizations, as well as individual recipients of grants.

Mr. Chairman, I view FEMA's current shortfall of funds with concern and agree that we must get to the bottom of what caused this alarming situation. As funds become more scarce each year, it is all the more essential that an agency with such high priority spending authority be capable of a more accurate budgeting process.

In addition to our review of FEMA's budget crisis, I look forward to hearing from representatives of State emergency organizations, the General Accounting Office, and from FEMA's director, Wallace Stickney, in a discussion of the agency's overall activities. This will be Mr. Stickney's first appearance before this subcommittee, and I want to offer him a particularly warm welcome, along with the rest of the witnesses.

Mr. Chairman, I believe these hearings will serve a useful purpose in determining whether or not changes are needed to enhance FEMA's performance. I look forward to the session, and thank you for calling this hearing.

Thank you, Mr. Chairman.

Mr. BORSKI. I thank the gentleman from California.

We are honored to have testifying before the subcommittee today the Honorable Douglas Applegate, Representative from Ohio's 18th District.

Congressman Applegate, I also want to thank you for your inspiration in bringing this hearing about. You may proceed, sir, in any way you wish.

TESTIMONY OF HON. DOUGLAS APPLEGATE, A REPRESENTATIVE IN CONGRESS FROM OHIO; HON. PHILIP R. SHARP, A REPRESENTATIVE IN CONGRESS FROM INDIANA; AND HON. JIM JONTZ, A REPRESENTATIVE IN CONGRESS FROM INDIANA

Mr. APPLEGATE. Thank you very much, Mr. Chairman.

I want to take the opportunity to thank you and the ranking minority member of the committee, Mr. Packard, for the willingness to hold this very important hearing. I think it's very, very important that we have some input on the Federal Emergency Management Agency, and we're not here to criticize—or at least I am not—but I think it's through exercises like this that we are able to more closely examine the programs and agencies that we create, and if need be to improve upon them so that they will not only perform as they are designed to, but to make sure that the American taxpayers are going to get their money's worth.

I'm also just going to mention that I have some others that will be testifying from Eastern Ohio, which I think is of great importance because of the severity of disaster that beset us in an area called Shadyside. I will have Matt Coffland, who is a township trustee and very active in Shadyside, Ohio; Jim Hepe, who is a Belmont County engineer; and Howard Stitt, who is a Harrison County engineer. Those three fellahs will be here. Dick Quinlan, Belmont County disaster service coordinator; Gary DuFor, who is the city manager of Steubenville, Ohio; and George Starlipper, who is the Jefferson County disaster service coordinator—these are counties that are next to each other and were hit very severely by torrential downpours of water, and where the Federal Emergency Management Agency become involved.

But let me just say that I want to preface my remarks with a few personal observations and general thoughts on FEMA and the agency's general functions.

In the past years it seems the United States has experienced an inordinate number of natural disasters that have necessitated the participation of FEMA. Whether it's an earthquake, a hurricane, a flood, or whatever it might be, FEMA has assisted local communities and has significantly contributed to local relief efforts. They have provided much of the knowledge, support, and money that was not otherwise available.

My purpose here today is not to chastise the agency for any particular incident that did not go as smoothly as possible, but rather to discuss how the legislative mandate of disaster relief that we have assigned to the agency can be more efficiently and effectively carried out. On a personal note, too, I want to thank all the FEMA personnel for their efforts during last summer's flash floods in Shadyside, Ohio and Eastern Ohio in general. Their assistance was a vital ingredient in helping the area to recover both financially and emotionally. It meant a great deal to us.

Mr. Chairman, on June 14, 1990, just 11 months ago, a portion of my Eastern Ohio Congressional district was ravaged by flash flood waters. Areas in Belmont, Harrison, and Jefferson counties were overcome by waves of rushing water late that evening that resulted from nearly 5 inches of rain that fell in just a couple of hours.

Now, you hear sometimes—recently I heard about 7 inches falling in a 24-hour period. It depends. If you get 7 inches on that flat surface, that's not so bad. But when you're getting 7 inches where you have piedmonts, where you have a lot of hills and you have valleys rushing down, well you have a problem. What happened was that the rain raced down between the hills and quickly filled these small streams and creeks to capacity. With the rain unrelenting, the streams overflowed with rushing walls of water estimated to be 20 to 25 feet high that raced over or through any object that was in its way.

As a result, over 100 homes and businesses were destroyed or severely damaged and automobiles were tossed around like toys. You would have to be there to see the twisted metal and to see an automobile up in the trees. It was an amazing thing to see. Nothing in the path of the water was left unscathed. And as much property damage as there was, and as devastating as that may be, Mr. Chairman, nothing could come close to the loss of 26 lives that night, pain that endures even today.

The severity of this flash flood was not and really could not be predicted with the current technology of the National Weather Service. In an effort to give you some idea of the quickness of this disaster, keep in mind that the damaging flood waters moved at the rate of between 25 and 30 feet a second and that most of the damage and loss of life that occurred did so in less than 30 minutes. Affected residents had virtually no warning except for severe thunderstorms and localized flooding.

The stories that we heard from some when we had personally interviewed them were horrifying. To look out the window and see a flood of water coming at you not knowing that it was to be there, and then being swept away; as in one case where a gentleman ran up to his second story in his house, and seeing the water come, it took his house right off the foundation and floated him down-stream about 600 yards. He was one of the fortunate ones that was not killed.

But as the light of morning did come, it was evident that the nightmare of the previous night was in fact very, very real. Local officials quickly called the Governor's office for assistance and the process of establishing the area as a Federal disaster area began immediately. As you know, Federal disaster designation is necessary in order to obtain Federal assistance from FEMA.

Within 24 hours of notification of the disaster, FEMA representatives were on site and determining what assistance would be needed and how it would be disbursed. I know that because I was there. FEMA personnel worked around the clock with local officials to establish ground rules for the relief efforts.

As I have indicated, and given the confines of the authorizing law, FEMA was very, very effective. However, let me emphasize, within the confines of the law. Throughout the many months that followed, I became aware of many problems that local residents and government officials alike had with FEMA in trying to obtain the assistance to which they were entitled under the law.

I will not take up the committee's time by detailing these particular situations as there will be panelists from my Congressional district and others that want to talk about that, and they can best describe them.

However, I would like to bring to the attention of the committee certain flaws in the FEMA program that I feel must be addressed if we are to continue to expect FEMA to come to our aid at a moment's notice. I would also ask, Mr. Chairman, for the benefit of those that are unable to attend this hearing, that the record remain open for 30 days so that the submissions on their experiences with FEMA may also be included in the record.

Like most programs, FEMA would be greatly assisted simply with a larger annual appropriation. Of course, that's what we say about a lot of things, just to add more money to it. However, most Government offices, given the frequency of the problems—the money is always necessary, but it depends on how it's going to be used and the expeditiousness of it.

I don't believe that we can afford to not give serious consideration for additional funding. This is not to say that I advocate just throwing dollar bills at a problem in the hope of it going away, as that has rarely proven to be totally effective. Rather, I think the additional funding could better serve those in need who do not qualify for any other type of assistance, such as a small business loan. A more equitable distribution of individual grants might be achieved. The current limitation of these grants of $11,400—which at that time was $10,400—could be increased to stave off past and future inflation.

I understand that the purpose of FEMA and its individual grant program is not necessarily to improve one's property beyond its value before the disaster, but these grants should be substantial enough to replace or repair damaged property. A limit of $11,400 would not allow for this without further restricting eligibility of individuals or uses for the grant.

As was the case in the Ohio flash floods, there is usually death associated with disaster. I would like to point out that as it relates to the individual and family grant program many families can spend a large portion of a $11,400 grant on simply burying their loved ones, which was the case down here. For this reason alone, these grants must be increased.

From the local government perspective, it would appear to me that additional efforts must be made to increase awareness and training for local disaster relief personnel. I realize that there are already training programs administered through the individual States to those officials designated as disaster coordinators. However, it does not appear to me that the current program is either adequate or extensive enough and falls short of the mark in the sense of a continuing education program. I envision a program designed and overseen by FEMA and administered to a local area or areas by an appropriate State authority.

Disaster preparedness and emergency response would obviously be the theme of such a program with an emphasis on local organization and knowledge of resources. In many cases, there are questions as to just who is in charge of a situation. The time for that debate is before the emergency, not during it. FEMA, I believe, can help a great deal in preparing an area for this.

Mr. Chairman, as I indicated earlier, other panelists will be coming before you in just a few minutes who can better tell you just what is needed by local residents and officials. I acknowledge that many of these proposed changes will cost more money. However, I urge you to think about what is at stake if corrective action is not taken. Take it from someone who knows. Natural disasters do not discriminate. This can happen in your district as well as anybody else's. I know that it has. I ask you to review the FEMA program and learn by the misfortune, and in some cases, mistakes of others. Listen to those who will come before you with hands-on experience in such matters. And in doing so, keep in mind that our actions here today may well have the most significant benefit of all, and that's in saving lives.

Mr. Chairman and members of the committee, thank you very much for allowing me to appear here today.

I would like to have entered into the record letters that I have received from the Belmont County Disaster Services Agency, and from the Village of Adena.

Mr. BORSKI. Without objection, the letters referred to will appear in the record at this point.

[Letters referred to follow:]

BELMONT COUNTY DISASTER SERVICES AGENCY [EMA],
Bethesda, OH, May 13, 1991.

Congressman DOUG APPLEGATE,
Rayburn Office Building, Washington, DC.
SUBJECT: Upcoming F.E.M.A. Hearings.

DEAR DOUG: I am writing in regard to our recent telephone conversation. I would very much like to be able to attend and testify at these very important hearings, but due to employment commitments at my full-time job I will be unable to attend.

I would like to address my comments first in a grateful manner for the help F.E.M.A provided Belmont County during our devastating flooding on June 14, 1990 and in particular to mention one F.E.M.A. employee by name as being very helpfull in providing assistance at the very early stages; this employee's name was Tom Scelaundra.

Some areas that I feel need addressed will be noted below, and will be described in brief detail for the sake of time limitations. My primary and main concern is for the lack of funds, which plague all county disaster service agencies.

Belmont County is staffed by a part-time coordinator and in my case I do not have any full or part-time staff whatsoever. By being a part-time D.S.A. Coordinator, I can only take time off of my full-time job for emergencies that arise. I feel that our local areas would be well served if the Federal and State Governments would help in providing funding to smaller rural areas, which in fact can ill afford to provide finances when they are so economically depressed. If funds were to be made available, they should not be restricted with so many reporting and paperwork type requirements where all the coordinators time would be spent meeting F.E.M.A. paperwork and other requirements. There is so much planning, mitigation, and other local basic work which needs to be done, and little, if any funds to do it with. I feel that funds should be provided not only after a disaster strikes, but prior to a disaster, to better prepare people.

We in Belmont County are trying to be more prepared for future emergencies by using the resources made available to us locally. We are presently in the process of constructing a new Emergency Operations Center and are equipping it solely by donations of funds, labor and equipment. We are trying to use the funds we now receive wisely, but are still limited in what we can do.

Other areas I feel need addressed are: (1) More funding for Waterways and Streambed cleaning. I feel that a federal project of periodically cleaning and stabilization of small streams should be funded and instituted. (2) A review of disaster funding provided by F.E.M.A., Red Cross and State Agencies should be done. The review should be done in a manner which would define areas where there are shortcomings between agencies and an attempt should be made to close these gaps. A catalog type brochure could be prepared that a layman could read and understand which defines help and funds available for persons affected by the disaster.

Finally, I feel that the National Weather Service needs upgraded not only in their forecasting capability, but in their ability to adequately forecast and transmit warnings to portable weather monitors, which can be purchased and kept in schools, medical institutions and other areas of public assembly, as well as private homes. These weather monitor receivers are very inexpensive, but are useless if the National Weather Service Radio broadcasts are ineffective in reaching many areas, which is the case in our county, where 50% of the county does not receive the broadcasts. The N.W.S., in my opinion, is the most feasible method to mass warn a population through radio broadcasts. I realize that several agencies are advocating local warning and monitoring capabilities, but no local county in S.E. Ohio has the resources to purchase the capability or if they were somehow able to acquire the equipment, they would not have the resources to operate and maintain it properly.

Please feel free to contact me at any time for further comments or questions, if need be.

Sincerely,

RICHARD G. QUINLIN,
Coordinator.

VILLAGE OF ADENA,
BOARD OF PUBLIC AFFAIRS,
Adena, OH, May 14, 1991.

Hon. DOUGLAS APPLEGATE,
Congressman, 18th District, Washington, DC.

DEAR CONGRESSMAN APPLEGATE: First, I want to thank you for this opportunity to give to you and fellow members of the sub-committee my input concerning the June 14th and July 12th floods in the Village of Adena and subsequently, our inter-action with the Federal Emergency Management Agency.

As Flood Administrator of the village, I worked very closely with the officials of the village, the citizens and FEMA representatives.

I think it is important for the subcommittee to have information of what the Village of Adena is like. We are a small town located in the southwest portion of Jefferson County with a small portion of the town situated in Harrison County. We are nestled in a portion of the Shortcreek Valley with North Fork, South Fork Middle Fork and Flag Run meeting within our village limits to make up Short Creek. This creek then meanders through our town. I hasten to add that the Shortcreek Watershed Conservancy District is in the process of proceeding with the Shortcreek Watershed Flood Protection Project which includes a dam between the headwaters and our town. This project, unfortunately, is quite a few years from being completed. At least another five (5) years and possibly ten (10).

Our population, according to the most recent census report, is 843. This is a loss of 223 people over the last ten years. The people who live here work either in the coal mines or the steel mills. They are hardworking and proud people. Unfortunately, with the loss of jobs in these two industries, our young people have had to leave to find jobs elsewhere. Our town is presently made up of mostly senior citizens. I present information to you so that you will be able to understand that what our people can do for themselves is limited. So, the scenario we are looking at is people on set incomes, who worked hard all their lives and planned for their retirement years to be able to live out those years without having to worry about house payments, etc.

Young people who were able to find jobs and stay here to raise their families are low and moderate income people who find it too expensive to live in the larger towns and cities.

This is the make-up of the private sector of our village. Now I would like to give you some background on the public sector. The village provides the people of our town police protection, potable drinking water, sanitary sewer treatment, safe streets and storm sewers to handle the rains. As you are aware, these services become more expensive to provide every year. Our sanitary sewer system cost the village $433,950 in 1970. We still owe $286,950. The annual payment is $23,000. Last year we had to borrow another $154,000 to bring our WWTP into compliance with the Ohio EPA standards only to have it all washed away by the flood. The annual payment on this OWDA loan is $14,700. We were fortunate to receive Issue 2 funding of $95,000.00 and FEMA funding of $13,616.00 to get our plant back into operation. Although the village purchases water from the Tri-County Water Authority; we still owe $152,000 on this system. An average annual payment for this loan is $10,800. The sewer lines which lay in Shortcreek were plugged so tight by the flood that they are going to cost an estimated $86,000.00. FEMA has supplied this funding. But, we still have to come up with the 12½% loval share.

As for the funding for public repairs; I feel we are treated fairly by FEMA. The only negative is the fact that it took so long for the money to be received by the village that in the case of the sewer lines we ran into winter and with the spring rains are still unable to get these sewer lines repaired. I feel that FEMA didn't have enough people to be able to expedite the programs in a timely manner.

Now, to what I think should be done to help recovery periods in a timely and efficient manner:

(1) Expertise—I think it would help in a big way if FEMA could work closer with the local officials. We need a one-on-one type of working relationship to speed up the process.

(2) Speedy Responses—Everyone's response is too slow. The village is still waiting to hear from FEMA. People are just now receiving checks on the low-interest loans they had to apply for.

It is very hard to make decisions and put your life back together when you don't have the money to purchase the supplies, materials and other things a person needs to do so. There are families still not back into their homes and just within the past week received their first check.

The village cannot begin to unplug sewer lines which are becoming a health hazard, fix village streets, etc., because there hasn't been any word from FEMA on how much we will receive. The village does not have the funds to proceed on its own.

(3) Flood Insurance—People are caught in the middle. It is very expensive. One couple, that we are aware of, had to lower their homeowners policy in order to be able to afford flood insurance. They had to purchase the flood insurance in order to get the low interest loan.

(4) Funding—We think that the State of Ohio could provide either outright grants or no-interest loans to those people who did not qualify for existing funding.

Providing other funding or no-interest loans to the public sector for the local share of any funding we will receive either through FEMA or State funds such as issue 2.

(5) Ineligibility—The system has once again reinforced to the hard-working people that it doesn't pay to be conscientious and responsible, hard-working people. People who set their priorities and planned for the future.

Retirees and senior citizens on set incomes shouldn't have to be faced with paying off loans at this stage of their lives.

Young working couples, who already have mortgages on their home, making car payments and have children in school, in college or soon to be in college, do not need to be burdened with another debt. Those who were eligible received everything from grants to furniture, but, the people mentioned above received next to nothing.

Speed is of the utmost importance. We cannot work on sewer lines, fix streets and storm sewers in the winter. If you can help us with funding, your expertise or just speeding up the process we will be very grateful.

Thank you.

One last thought. With the possibility of being flooded again and again; I feel that FEMA should approve funding for the dredging and cleaning of the creeks. The flood filled the creeks with silt making the possibility of another flood even more likely.

Sincerely yours,

MARTIN MCKIM,
Flood Administrator, Village of Adena.

Mr. **BORSKI**. Thank you very much for your testimony.

The Chair would now like to recognize the gentleman from Oklahoma, Mr. Inhofe, for any opening remarks he may have.

Mr. **INHOFE**. Thank you, Mr. Chairman.

Ironically, the reason I was late to this meeting is that I have been talking to people who had been wiped out in a tornado in my district in Oklahoma.

As Mr. Stickney knows and some of the rest of you, Tulsa, Oklahoma is located right in the center of what is sometimes referred to as Tornado Alley. So it's not all that infrequent that we have disasters occur.

Being a conservative Republican, I'm sometimes one who is the last to call for Federal help, but when I do it's because it's a very serious problem. Although it's not directly tied to the subject of this meeting today, I wanted to take this opportunity to share with this committee at least the experience that I had with FEMA and specifically with the director, Wallace Stickney.

When we had our disastrous tornado on the 26th of April we called and got personal attention from him and his crew. They were able to come out, and willing to come out, and look at it very carefully and make an evaluation. As it turned out, we were eligible for disaster relief and assistance and I can't think of any organization of Government that I've worked with that was so professional and so responsive at a time that so many lives were certainly impaired and fortunes were lost.

So on their behalf and on my behalf, I want to say thank you very much for the fine job that you and your people did. We have a fine group there, Mr. Chairman.

Thank you.

Mr. **BORSKI**. Thank you very much.

The chair recognizes the gentleman from Tennessee, Mr. Duncan.

Mr. **DUNCAN**. I have no statement.

Thank you, Mr. Chairman.

Mr. **BORSKI**. At this time we are pleased to have with us the Honorable Phil Sharp. Mr. Sharp, you may proceed in any manner you wish.

Mr. **SHARP**. Thank you, Mr. Chairman.

I ask unanimous consent to make my remarks a part of the record.

Mr. **BORSKI**. Without objection, so ordered.

Mr. **SHARP**. I want to thank you, Mr. Chairman, and the other committee members for taking time with us and with this important subject. I would like to just quickly summarize my statement where I have outlined some of the very specific concerns that we have in Indiana.

We have had a very difficult year in terms of natural disasters. We have had four. Up to 87 of our 92 counties have at one point been declared a disaster for one specific reason or another. Customarily we are not a State that enjoys getting back more dollars than we send to Washington, and it's rare. In this particular case, in this program, we perhaps are receiving more help than we would customarily get except with our last disaster, the ice storm in March that was very severe—it knocked out electrical power in many of our communities and did a great deal of damage to some of REMCs, our municipal systems power generation—where the costs are tremendous.

The agency was very effective in coming in and establishing eligibility and the President made the declaration, but very soon thereon came the information that there simply was no money to make payment. Because of the sums involved in a few instances, this is particularly harsh because they're going to have to borrow extensively while they wait for the Executive Branch and the Congress to put more money in.

My concern with the agency in this respect is whether they are willing and as quick to move, or whether OMB is, to identify for Congress what the need is, and then of course it's our responsibility in Congress to move rapidly on supplementals. But my concern is that that hasn't been done and that we haven't seen that kind of movement.

I just call to your attention one example. Anderson, Indiana, which borders on my district—it is an industrial community, it has a municipal system—and they estimate that their cost of interest alone by failure to pay, if it is delayed for 1 year, could be $800,000 to $900,000 in interest that they will have to pay to meet their needs.

It so stimulated interest in the community that I would show you this. The publisher of the newspaper has foregone advertising on one page in his paper with an open letter to the President, who he has strongly supported in the past—and he's not critical of the President—but urging him and the Administration and the Congress to move rapidly on funding because of the great costs to that community alone.

So, Mr. Chairman, I can document more for you folks and others the specific problems that derive from that and the other three disasters in Indiana, but I know you hear these kinds of cases and you're trying to get at the elements that you can work with. In this particular case, our concern is with expeditious funding.

It is of course impossible for the agency or the Congress to ever know what is going to happen in natural disasters in the next year, but we have some historical experience, and we also can move during the year. That's what I hope you can help the agency, OMB, and the Appropriations Committee understand.

Thank you very much.

Mr. **Borski**. I thank the gentleman.

I'm pleased to welcome Mr. Jontz.

Mr. JONTZ. Thank you, Mr. Chairman and distinguished Republican members of the subcommittee. I appreciate the chance to share a few observations about our experience with FEMA in the 5th Congressional district of Indiana.

As my colleague, Mr. Sharp, indicated, our State has suffered a number of very serious disasters this last year. Jerry Hauer, our State emergency management director, will be speaking later this morning as to some of those details. The most serious problem we had in the 5th District was the ice storm of March 12th, which covered a number of counties, literally mile after mile after mile of electrical poles and transformers came down. It was the biggest ice storm our State has ever had. It left tens of thousands of people without electricity for periods as long as 3 weeks.

I certainly join my colleague, Mr. Sharp, in applauding the President for the rapid declaration of emergency, but it has been very disappointing that the funds that are needed and that the communities feel were promised to them, have not been forthcoming. First, I was told by FEMA officials that assistance to public entities was being withheld until the next fiscal year, except for dire emergencies. We held a meeting with Mr. Stickney—and I very much appreciate his coming over to the Hill to discuss the matter with us—and we were told then that public assistance funds were being withheld because the Congress had not appropriated adequate sums, and until a supplemental appropriations bill was passed, there would be no money released.

We were also told at that time that Indiana had not submitted applications for assistance relating to the ice storm. Then I got back to my office and found out that in fact we had submitted $10 million worth of applications and they were in the FEMA field offices.

This is disappointing because of the nature of the expenses that the communities at home must endure. In order to get power back on quickly, the electric co-ops and the municipals hired crews from as far away as Ohio to come in and work on the lines. The fact of course then was that we owed those crews that came in from the outside. Unfortunately, when the bills came through to pay for these cleanup and repair costs, the financial assistance that we were expecting from FEMA wasn't there. Without that reimbursement, many of these utilities, the co-ops in my area, have been forced to borrow money to pay for the cost of the cleanup.

One particular rural electric in my district, the Newton County area REMC, incurred repair costs of about $2 million, and actually had not the farmers that were members of this co-op spent a great deal of time and their own effort cleaning up after the crews were there, that figure easily could have been twice $2 million.

This small co-op, which has only about 1,000 members, now must bear the entire cost of borrowing the money to repair the damage because FEMA does not allow for the reimbursement of interest costs. I guess the law does not allow for the reimbursement of interest costs. As of today, the Newton County co-op has already borrowed $250,000 to pay for bills that have come due as a result of the cleanup of the storm of March 12th, and this co-op will have to borrow another $1.1 million if FEMA assistance does not arrive before the end of the month. At an interest rate of 7.5 percent, that translates to $7 per month per customer for interest costs alone.

I would conclude my statement by asking for the attention of the committee to three specific problems that we have come across in addition to the timeliness of funding. Number one, this question of unavoidable interest expenses I think is one that deserves some attention, certainly in the case of some of the utilities in Indiana that have had to borrow and are incurring substantial interest costs. I think there is a legitimate case to be made for making interest a cost that can be reimbursed.

I would also encourage the subcommittee to look at the issue of when a State or an entity is eligible for 100 percent reimbursement. The policy that FEMA has I think needs to be reviewed. For instance, again in the case of our local co-op, if they have to put up 25 percent of $2 million, that is $500,000 to be borne by 1,000 customers.

There is no way they can put up their 25 percent. And the State, as you will hear later, feels like they have done enough already.

Finally, I think that there should be some way, when there are shortages of funds, for some prioritization to be done. The FEMA officials express sympathy to the particular circumstances facing the Newton County REMC and others in that case, but they said, "Look, we don't have any way really of distinguishing among a great many valid claims, so you will wait in line like everyone else." I would hope there would be some way, when funds are limited, that claims could be prioritized.

I appreciate your consideration of the testimony, and I think all the Congressional delegation in Indiana is thankful for your attention to this very serious question.

Mr. **Borski**. I thank the gentleman for his testimony.

The Chair wants to thank all the Members for coming by here today. It's unusual for this subcommittee to be graced with the presence of three such distinguished and hard-working Members. We greatly appreciate your testimony.

Do you have any questions, Mr. Packard?

Mr. **Packard**. I have no questions. I think I will reserve my questions for your witnesses that are going to be further describing the problem.

Mr. **Borski**. Mr. Inhofe.

Mr. **Inhofe**. I have no questions, Mr. Chairman.

Mr. **Borski**. I thank the gentlemen very much.

[Mr. Sharp's prepared statement follows:]

STATEMENT OF HON. PHILIP R. SHARP

Mr. Chairman and distinguished members of the Oversight and Investigations Subcommittee, I appreciate the opportunity to appear before you this morning to discuss the great disappointment and financial hardship facing many local jurisdictions in East Central Indiana due to the decision made by the Federal Emergency Management Agency, FEMA, not to quickly pay claims from a severe ice storm that hit the state on March 12th.

Indiana has had an unprecedented year of misfortune in which four natural disasters hit the state. Deadly tornadoes raked major portions of the state last May and then again in September; over the New Year's Holiday a large part of the state was inundated with severe flooding. Then, a huge ice storm in March crippled north central Indiana for several days. My own Congressional office was put out of service for two days. All totaled, 87 of the state's 92 counties have been declared eligible for disaster relief assistance.

The March ice storm caused tremendous disruption of life. Its severity can best be visualized by the fact that more than 100 towers carrying electrical transmission lines collapsed from the weight of the ice and more than 1,000 wooden poles snapped. Thousands of Hoosiers were in the dark, without electricity, some for as long as 10 days.

From the damage survey reports submitted to the FEMA, the financial losses of Indiana county and municipal governments and electric cooperatives were even more staggering. A few examples in East Central Indiana are:

Madison County, with a population of 131,000, suffered between $7 and $9 million in damage. Anderson, the largest city and the county seat, had damages amounting to more than $6 million, much of it to the city-owned power and light company.

Henry County experienced approximately $425,000 in damages to public facilities, much of it to the rural electric cooperative.

Delaware County had $261,000 in damages.

Wayne County experienced $272,000 worth of damage.

With these damage figures in mind and others from around the state, President Bush declared 26 Indiana counties eligible for federal disaster assistance.

When FEMA officials notified state and local officials that there would be a delay in providing assistance, many of them felt a special sense of betrayal. They had properly performed their responsibilities to be eligible for assistance. They had filled out the paper work and worked through the chain of command in Indianapolis and FEMA Regional Office in Chicago.

Mr. Chairman, promises have now been broken by Washington that have made the title Federal Emergency Management Agency an oxymoron to Hoosier taxpayers. The people of Indiana has suffered enough under the tortures of nature. Now it is being made to suffer again under the threat of higher taxes or a cut in some services to make up for the loss of FEMA assistance. In Anderson, the city will face $800,000 in interest charges caused by a delay from FEMA. Of course, this cost is not eligible to be paid by the agency under federal guidelines. Anderson Power and Light, like the REMCs in the rural sections, may be forced to increase rates.

Other officials will be forced to postpone planned and needed work on roads this summer or to curtail other services.

In recent years, Washington has thrown more regulations, and their costs, at local governments without giving them the means to meet the responsibilities. This is one case when local responsibilities were carried out, but Washington, excuse the cliche Mr. Chairman, hung the locals out to dry.

People back home in Indiana are taking notice of this fiasco. John Shields, publisher of the Anderson Herald Bulletin, has called this the FEMA "smoke-and-mirrors game." Mark Lawler, the dynamic young mayor of Anderson, has coordinated a letter-writing campaign to President Bush in the community, urging him to rectify the situation.

Several weeks ago, FEMA officials met with me and other members of the Indiana delegation to this Congress to explain the rationale behind their decision and possible solutions. It was noted that the Office of Management and Budget would soon be requesting a supplemental appropriation to cover these costs and those for unforeseen disasters through the rest of this fiscal year. Even though this Congress has already enacted two supplemental appropriations, we received no indication from FEMA or OMB that they were running short of money. They never asked to be included in these two supplemental appropriations.

Following the meeting, the entire Indiana delegation wrote to the President, urging him to have OMB expeditiously send up such a request. Its been two weeks now and still we have heard nothing from OMB.

Of course, a supplemental appropriation would remedy the immediate problems. But in the long term, there must be a better way for FEMA to project obligations still remaining from past calamities as well as possible future needs. I am delighted that your subcommittee is examining this matter and prodding the agency to make the needed accounting improvements.

Hoosiers, like other Americans, have a great capacity to help others in need. For example, when drought hit the South in the summer of 1988, Indiana farmers enthusiastically sent extra hay to farmers in the South so their livestock would not starve. Hoosiers are now supportive of our government's willingness to extend assistance to people facing horrible conditions half way around the world.

Now, when Hoosiers have had to endure enormous hardship, they are still waiting for Washington to keep their promises to them.

Mr. **Borski**. Testifying next is Mr. Joseph Myers, director of the emergency management for the State of North Carolina. Mr. Myers served as the past president of the National Emergency Management Association.

[Witness sworn.]

Mr. **Borski**. Mr. Myers, you may begin.

TESTIMONY OF JOSEPH MYERS, DIRECTOR, DIVISION OF EMERGENCY MANAGEMENT, STATE OF NORTH CAROLINA

Mr. **Myers**. Mr. Chairman and members of the committee, thank you for the opportunity to appear before you today. Mr. Chairman, I have a written statement that I would like to submit for the record, and then I will summarize my remarks for you and attempt to answer any questions that you may have.

Mr. **Borski**. Without objection, so ordered. Your entire statement will appear in the record.

Mr. **Myers**. First of all, I am hear as a representative of the National Emergency Management Association, which I will refer to as NEMA. NEMA is an association comprised of directors of State emergency management agencies that are responsible for managing State disaster programs. These programs address virtually every type of hazard that our society faces today, whether natural disasters, floods, tornadoes, hurricanes, or hazardous materials, spills, explosions, nuclear power plant accidents, and so forth.

My statement today is based on a 16-year career in emergency management, and I will include many of my experiences with disaster management in North Carolina, a State that was hard-hit by Hurricane Hugo.

I will also share with you the views of my colleagues in order to assist you in your review of the disaster response and recovery program.

First of all, in NEMA's response to the GAO report, several NEMA members have reviewed the March 1991 GAO report, and we are generally in agreement with the report. We believe that the report clearly illustrates that the level of preparedness is crucial in the response to a major disaster. Preparedness worked extremely well in the States of North Carolina and South Carolina in getting people off the coastline during the initial evacuation of Hurricane Hugo due to the reduced loss of life.

Let me say that I believe the reason for that is some prior preparation. There was a program sponsored by FEMA, the Corps of Engineers, and the two respective States, we conducted hurricane studies—we completed ours in 1988—and these studies were in great detail on the population on the coast, the estimated time to get people off the coast, how people would react during major disasters, where our shelters would be, the level of flooding a shelter may have, where the safest place, et cetera.

In our State, in particular, we had a hurricane exercise 3 months prior to Hugo. I do think that did help us in that situation.

We do acknowledge that much work needs to be accomplished by all levels of Government in disaster response, and particularly disaster recovery. Planning, training, and exercising are crucial elements for an effective disaster response effort, but these same elements are just as critical for a successful recovery from a major disaster.

I think that State and local officials desperately need a clearer understanding of disaster assistance programs. By that I mean, How do I initially assess damage when it happens, something on the magnitude of a Loma Prieta or a Hugo? How do I request State and then Federal assistance? How do I implement these various programs? What is the cost sharing ratio going to be, the impact on me? What is the working relationship between a mayor, county commissioner, Governor, FEMA, the President, and so forth? I think these are some basic things that need to be emphasized more.

I also want to applaud the committee for directing the GAO to review the response to natural disasters, and I would encourage continued interest by Congress regarding Hugo and Loma Prieta and the ongoing implementation of the Stafford Act. I think you need to know that the recovery from Hugo and Loma Prieta are far from over. It will take several years to finish these recovery efforts. We continue to work with our applicants and to interpret and administer the various provisions of the Stafford Act.

In response to exercising emergency operations plans, the guidelines States use to test these plans and the type of oversight, FEMA provides funding to the States and it is passed through the local governments to develop emergency plans and then to exercise these plans.

There are some clear guidance, through the FEMA training branches, for us to exercise these plans. There is a 4-year exercise cycle. Every 4 years we have a full-scale exercise rotating scenarios, and then every year, off-year, we have a functional exercise. By that I mean that we would not necessarily activate the Emergency Operations Center, but we would have some on-scene activities where various response agencies would go to the scene to try to rehearse what they would do in these type of exercises.

Of course, the purpose of exercises is to identify your strengths and weaknesses. The GAO report criticizes some States for not correcting all deficiencies previously identified. That's not always the easiest thing to do. For instance, if you have a deficiency in your warning systems, it takes a lot of money to do this, and it takes years. So sometimes it's a little unfair to try to correct something the very next year when it takes a heck of a lot of money to do that.

But in exercises we do believe that there are important and a plan will not be effective unless there is an exercise or a test on it.

So maybe in regards to the question of whether FEMA should have expanded roles in response and whether they should exercise with States and local governments more frequency, we believe they should. How can they be effective if they don't participate in these exercises?

We believe it would be a positive step towards the improvement of the working relationships of all levels of Government. Maybe I could put it in a simple way. If you have a football team and everybody shows up all week for practice except the quarterback, you're not going to be effective over the weekend. I think you play like you practice. So I would like to see more of that going on.

In reference to the disaster assistance program training, it goes back to my earlier statements of what a local or State official should expect. We believe that there has been limited training opportunities for the States on the implementation of this law. It is my understanding that prior to the earthquake and Hugo that the last time the training curriculum was updated as it pertains to disaster relief acts, was in 1984. When Stafford passed in 1988 I think that created a knowledge gap for local officials.

We have pretty much been on our own to develop our own training programs with limited resources. I know the State of Texas has developed some good courses, and we have also in North Carolina. I could briefly outline how we have done that, and we're sharing these courses with local governments and the private sector. We have a 4-hour course on how to assess the damage, an 8-hour course on how to implement the laws, the audit systems, and so forth.

But I think the thing that is missing is that it would be good, and maybe it would have eliminated some of the false expectations during these major disasters, if we had a video on the shelf that local officials could have pulled right off the shelf during these devastating disasters that would have walked them right through the process in what to expect.

I know there is an outcry for this. I'll be going to your own State of Pennsylvania in June to speak to your counties and State officials on how we got through Hugo and disaster training, and other States are trying to visit. I just think that this is an area that needs to be addressed.

If States are going to have to do this on their own, there is a grant that Stafford has provisions for that is called the Disaster Preparedness Improvement Grant. It was increased from $25,000 to $50,000 with the implementation of Stafford 50/50 basis. Maybe it would be wise to look at that and change the ratio to 75/25 or increase the funding because then States could develop their training programs, and also it can be used to improve the disaster response planning. Maybe I can go back and update my hurricane evacuation study because populations do change, especially on our coastline.

As it pertains to the individual assistance and FEMA's handling of assistance applications and low income housing needs, overall FEMA handles the disaster assistance applications as expediently as possible given the limited resources, personnel, and equipment that they had, particularly in our State. I think there have been some misconceptions, however, regarding the temporary housing program. It is NEMA's position that it is a temporary housing program, but maybe we do need to look at some type of permanent housing, maybe look at bringing in other Federal agencies—HUD or someone like that—to assist us better.

There is a problem area with the delay with SBA and turning over the applications, denials, or whatever on loans because you cannot process your individual and family grant programs until you get this SBA turnaround. That has created a lot of problems for people.

People need this type of resource. Maybe we should also look at the temporary housing program. I think it's up to 18 months.

Maybe it should be extended. The individual family grants program should be—I know it has changed already from $10,000 to $11,400—but maybe it should be addressed.

Concerning FEMA's role in emergency response, whether they should respond to disasters without waiting for a request from the State Governor during a catastrophic situation, first of all, NEMA believes that FEMA's role in initial response should be more clearly defined in order to eliminate any false expectations. But we are opposed to FEMA's intervention during catastrophic situations without a request from the Governor. This authority is unnecessary because States already have established in their FEMA plans a line of succession. We know who is going to be in charge in our States. We do believe that FEMA should be there to support States, but not to take over.

However, FEMA should have the authority to work with States prior to and during the initial response. This worked in our State during Hugo real well. We had a FEMA official in our emergency center as Hugo was coming up the coast. It was important to have that one person that we could turn to to get the Federal resources, if needed, instead of us having to deal with every Federal agency. I think that's what I would like to see if I needed the military or a Federal agency to get me this resource.

Also having them there I think helped clear up the picture on the type of situation we had in order to come out, which expedited the opening of our disaster centers.

Now, there are some things—from a personal standpoint, and comments from my other State directors from across the country—there are some problems affecting the recovery process.

I think the States will generally agree that their experiences with FEMA in response and recovery are good. However, there are three areas I think we need to look at in the Stafford Act that would help us out a lot. One is the hazard mitigation program, two is the cost sharing burden as it pertains to the public assistance program, and three is the shortage of disaster relief funds. These problem areas are affecting not only my State and our ability to recover from Hugo, but also other States' abilities to recover from disasters since Hugo.

The hazard mitigation program was a new program that was put in under Stafford, and it encourages State and local actions to reduce long-term risk to life and property. That could cut down on the cost in the future. The problem is that there are no uniform guidelines for implementing that program. It was one of the best things I'd seen, because I knew it was something that was going to help us in the future.

But the guidelines seem to be different from region to region. However, we do strongly support the program, but we would have to agree that the paperwork and the review process is too cumbersome and should be streamlined. Without going into it, on pages 5 and 6 of my testimony are the guidelines at how you derive at your cost figures.

But according to the Federal Register and the rules that we did see, warning systems was an eligible item. We wanted to improve the warning capabilities in North Carolina to reduce the potential loss of life from a hurricane, or whatever the disaster may be, such as tornadoes. However, we were turned down on that particular project. We had allocated $2.4 million, which would have been matched, which really saddened me. I had a superintendent of schools the other day call me wanting to know when his warning system was going to be able to go into the schools. Unfortunately, I had to tell him that we didn't have any money any more because of the budget shortfalls in our State, and I had to revert the money back. I had been holding the money for over 19 months, which is tough when you had planned to put these warning systems in.

It's a constant battle that you need to give us more information, or how do you illustrate the cost benefits of one's life. I had a very difficult time coming up with cost benefits and putting value on one's life. So this program needs to be looked at.

Within our particular region—just to give you an example—there have been 43 projects and I believe only 6 have been approved from 8 States. In other words, we have the opportunity to put up railroad crossing lights before somebody was hit by a train, so to speak, but administrative rules continually delayed final approval and complicated this process as it pertains to this disaster program.

I would like to suggest that the cost sharing provisions should be maybe modified—75/25—and maybe the approval authority of hazard mitigation projects should be delegated to the States after their administrative plans have been approved because I think we know what we need in these particular cases.

Public assistance cost sharing provisions—due to the numerous disasters that have occurred throughout the Nation, NEMA believes that FEMA should exercise their authority to modify the cost sharing provisions for the public assistance program. I know that in 1989 the Western Governors Association wrote to the President supporting a reduction in this particular program. States are getting multiple disasters.

We have had in a 10-month period in North Carolina—we had two prior to Hugo, and with Hugo, we had three in a 10-month period. We spent over $25 million. We feel like in our particular State, based on the information that I was given that once we exceeded $16.2 million on Hugo that we would be eligible possibly for 100 percent cost sharing. Unfortunately, I was denied that last week.

It does put States in a bind on this particular issue. I know that other States are having disasters after disasters, such as Louisiana, Indiana, and so forth. I think there needs to be more consistency. We need to know what the rules are in this particular program.

As it pertains to the disaster relief fund, I think it's imperative that Congress and the Administration recognize the need for these increased Federal disaster relief funds. Since 1989 the occurrence of major disasters in this country has increased tremendously. Typically there are 24 disaster declarations issued in a fiscal year. Last year there were 35 and already this year we have had 26. We are just now getting into hurricane season in June and it will run through October. It will put us all in a major bind.

I think FEMA's currently managing the statistics. I was able to obtain 184 disasters in 57 states and territories. Only two states in the Nation do not have any working disasters, and that is Idaho and Delaware, and I understand Idaho had a declaration in. So everybody seems to have had some disasters.

What is happening is going to delay payments not only for the people that suffered in 1989 until October of this year, but those that are having disasters now.

In closing, I hope I have shed some light for you on the States' perspective, and the obstacles we face with regard to disaster response and recovery. Further examination is needed in regard to disaster assistance, FEMA's role in the management recovery process. However, I do believe that until—and let me try to clarify this—until emergency management—the term disaster management—emergency management becomes one of the priority businesses of the Federal Government, States and local jurisdictions will not have the resources to build a truly effective response and recovery program.

In other words, I believe FEMA must have adequate funding to expand the staff. They still have basically the same amount of staff that they had during Hugo and Loma Prieta with all these other disasters. We need this in order to function properly in guiding and supporting State and local programs. To ensure that we have an effective national capability to respond and recover from major disasters I think is vitally dependent upon this funding.

Thank you very much.

Mr. BORSKI. Thank you very much, Mr. Myers.

I want to follow-up on a point on page 7 of your testimony where you said, "FEMA recently denied our request to modify the cost sharing provisions for the public assistance program." Did they say why?

Mr. MYERS. My understanding was that it was not consistent with FEMA policy, not beyond the abilities of the State and local governments to recover. Of course, in our State, we're going to have over $1 billion shortfall projected for next year, we have over $790 million shortfall between now and the end of June. The ratio that we used, the per capita, was exactly the formula that I was told to use back in October and November of 1989, and I'm having a very difficult time understanding what formula we're using.

Mr. BORSKI. So you followed the formula that FEMA suggested?

Mr. MYERS. The one that we were told.

Mr. BORSKI. And then you were turned down?

Mr. MYERS. And the cost per capita was not as great as we had projected, but it is obvious that there is a different formula being used. I would like to get a better understanding as to what formula is used.

Mr. BORSKI. So your understanding is that the formula that you were asked to provide, you provided, and then you were told that that formula was not what you should use?

Mr. MYERS. They didn't spell it out that that's not the formula. They said our per capita was not as great as we had shown.

Mr. BORSKI. Okay. There was a discrepancy with——

Mr. MYERS. For instance, we had shown that it would be $10.40, and they said, "No, it's $3 and some odd cents." Yes, there is another formula you can use to come up with that. But I think South Carolina's was under public assistance maybe $2.50. To give you a comparison, they have 3.3 million people. First of all, it was all hit by Hugo, they have 3.3 million, we have about 6.4 million, they've had to pay $8.25 million on public assistance, and we will pay right at $20 million. So we believe that we should be given——

Mr. **Borski**. And they were eligible for 100 percent reimbursement and you are not?

Mr. **Myers**. Everything above $8.25 million for them was 100 percent. That was my understanding.

Mr. **Borski**. FEMA has the authority to guide, but not direct State and local governments in their preparedness plans and activities. What can FEMA do to be more effective in helping State and local governments prepare and train for disasters, in your opinion?

Mr. **Myers**. First of all, I know that they exercise with Federal agencies. But I think that we need them to participate more with us as players during these disasters. I will give you an example. Probably one of the best exercise programs that FEMA has is the nuclear power plant program. I think that program has made States and locals better. I know that the main Hugo area of North Carolina also has been in the nuclear power plant planning for several years.

FEMA has participated in other States as a player, but in our particular case in North Carolina, I don't remember them ever being a player in these exercises. They are observers and evaluators. I think that would help immensely.

Mr. **Borski**. The GAO report said that Congress should consider providing FEMA with the authority to act as first response agency where such assistance is warranted. Specifically, what problems or difficulties would the States and Federal agencies involved in a disaster encounter if this first response capability is enacted?

Mr. **Myers**. I don't believe it is necessary because, as I said earlier, we have a line of secession. I know that this was triggered due to some activities that went on in some of the territories. I just have a hard time envisioning that this would be the case in any of the States. I think the role for FEMA would be for support. I think it would create a lot of problems just to walk in and take over from a Governor. The systems are there in our State and it's not necessary. We see their role as one of support in coordination of Federal agencies.

Let me try to emphasize that again. Think of the vast number of Federal agencies that you may need support from. If I could draw an analogy here, in our State of North Carolina, the local government only has to make one phone call when they need another State resource. They make that call to my office. We have the authority then to task any State agency—the National Guard, the Highway Patrol, whoever—with the mission. FEMA needs stronger authority, once the States do not—if I don't have a generator, I shouldn't go to the Federal Government for a generator if I have it in my State. Once I exceed those, though, I need to be able to turn to one person to get that resource. That's what I envision FEMA's role in being.

Mr. **Borski**. So you would disagree.

Mr. **Myers**. I would disagree with them taking over because I think that if you go back to the plans they require us to have, we are required to demonstrate a line of secession.

Mr. **Borski**. Do you think by chance there should be two different such roles, one for territories and one for the States?

Mr. **Myers**. If the territories are FEMA funded, they are required to have a line of secession.

Mr. **Borski**. How can FEMA's role in the initial response phase be more clearly defined in order to eliminate false expectations?

Mr. **Myers**. I think that we're going to have to assist FEMA in maybe giving them the authority to spend money on the front end of a disaster. I think it's very important. I think the way the law is structured today, they basically have to wait until the disaster is declared. I think there are many things that could be put in place to give them some spending authority, that some other agencies have, prior to a disaster that would help them out tremendously.

Mr. **Borski**. Mr. Packard.

Mr. **Packard**. Thank you, Mr. Chairman.

Mr. Myers, you have mentioned at length the need for expanding FEMA's training programs, and you referred to videos and other techniques of getting information and training materials out. Have you made these recommendations to FEMA?

Mr. **Myers**. Yes, I have.

Mr. **Packard**. Have they responded?

Mr. **Myers**. I know they're working on some things, but we need them now.

Mr. **Packard**. Well, it takes money to put these out, and to disseminate information and educational materials. With the shortness of funds, would you suggest other programs be cut back in order to accomplish that?

Mr. **Myers**. Sir, I think it probably would take a little more coordination within FEMA, because I think over in their other sections within the overall structure of FEMA they have a training institute, an emergency management institute. There are training funds. They have been addressing all areas of disaster preparedness, response, and recovery. I think it's a matter of updating these things and the right hand talking to the left hand. I think you have to get the experts that administer the recovery law getting over here and talking more with the trainers that develop curriculum, use existing monies that should be able to be used and get this material out.

Mr. **Packard**. In view of the shortfalls that we have in FEMA's budget, what do you recommend as solutions? How should we approach the problem? And what kind of feedback have we received from the States as to the hardships that have been created in terms of shortfalls?

Mr. **Myers**. One of the solutions I think would have been—it's my understanding that FEMA got zero money in this past fiscal year. They were really living off supplementals. I can't recall the exact amount that was requested. Maybe people didn't envision we would have the continuation this year of disasters on and on and on.

There are hardships. I'm trying to think of an example. Someone gets declared tomorrow—maybe the basic things will get out there, but getting the money to an electric membership co-op, or the Department of Transportation, that is going to be delayed.

As an example, yesterday in my State I know that our department—we need money. The Department of Transportation still has money that we hope would be coming to them if the supplemental add-ons are approved. But I had to tell my State budget office yesterday that once they are approved, don't expect any money until October. States are trying to balance their budget right now.

Mr. PACKARD. Are there ways for us to do a more accurate job of projecting disaster expenditures and tracking them from year to year? Have we seen trends changing or are there projection methods that could be more adequately used?

Mr. MYERS. Yes. It goes back to training. I think the initial assessment is a local government assessment. That's what my 4-hour course is designed for, the masses, the people out there that are local government employees or employees. I know in my State we are using the Home Builders Association. They need to understand how to assess this type of information. What are they actually looking for?

So I think it goes back to education and knowledge. Certain things are eligible, certain things are not eligible.

Mr. PACKARD. Should we change those criteria? Are the criteria adequate to address the needs, or should they be changed in determining when assistance is necessary?

Mr. MYERS. I would think that they need to be looked at. I think also that it's very confusing to local government because Red Cross comes in and does a damage assessment, FEMA does a damage assessment, SPA does a damage assessment, and they are a little different. Each one is looking for something a little bit different. It's confusing to them. I understand it, but to try to explain that to a mayor or a county commissioner is a little difficult.

In Hugo, for example, on public assistance it was initially estimated at $48 million. Probably not enough staff was there to go out and do an initial assessment. It's now estimated that public assistance is going to go about $80 million. When you project your money up front, it creates a little bit of a problem. Then you have to go back and try to get money.

Mr. PACKARD. Are the guidelines too lenient or too strict to meet the needs of disasters and to be fair or to address the concerns of shortfalls?

Mr. MYERS. I think on the shortfalls—I am somewhat confused myself over what guidelines we are using. There has only been two cases, I think—West Virginia in 1985 and South Carolina in 1989—where there has been provisions for the cost sharing. I think we definitely have to look at that.

If I go back—I've been in this business 16 years—in 1977 we had a devastating flood and it was 100 percent. The new law came into effect of cost sharing in the early 1980s of 75/25. We never had an opportunity to implement it until 1984, and then we had a lag in time and we implemented it three times in the late 1980s. I think we need to look at that.

Mr. PACKARD. In your position that you have confusion and uncertainties about the guidelines, I have to assume that those concerns are much more pronounced at levels that don't have the exposure or the contact and position and education that you have in the program. I presume that State and local governments are even more confused as to the guidelines and what to expect.

Mr. **Myers**. I think, again, that it has to go back to education a lot and training. You have to know the program. It is not an easy program to implement.

Mr. **Packard**. I can appreciate that. I certainly do. I empathize with the agencies that have to deal with that. I truly do. That's of course the motivation of this hearing, to see if we can assist in implementing better guidelines and better procedures, and perhaps also better funding.

Thank you, Mr. Chairman.

Mr. **Borski**. Mr. Anderson.

Mr. **Anderson**. I have no questions, Mr. Chairman.

Mr. **Borski**. Mr. Duncan.

Mr. **Duncan**. Thank you, Mr. Chairman.

Mr. Myers, you made mention a minute ago that FEMA got no money this year, but according to staff reports here, FEMA had a carryover of $451 million, which was almost double their budget request of $270 million. So actually they had more money to operate with than even they requested for this fiscal year. Did you realize that?

Mr. **Myers**. I knew that in this current budget, under the disaster relief funds, it was zero. But they had monies to carry it over from the previous year. But the problem that we are having is that the last couple of years we have had record numbers of disasters, and then the cost overruns from the two largest disasters we've had in many years, are just compounding the problem. They have just run out of money.

Mr. **Duncan**. What is your total budget in your agency for this year?

Mr. **Myers**. Our emergency management——

Mr. **Duncan**. No, the whole thing.

Mr. **Myers**. Non-disaster money?

Mr. **Duncan**. No, total budget for the North Carolina Emergency Management Agency.

Mr. **Myers**. We receive——

Mr. **Duncan**. I don't care where you receive it from. I just want to know——

Mr. **Myers**. We probably get about $4 million or $5 million from receipt monies, Federal monies, and State monies to manage the emergency management program for a State. I'm not including the disaster money that is going in as being passed through to victims.

Mr. **Duncan**. How much does the State appropriate for your agency?

Mr. **Myers**. The State appropriates I believe about $1.7 million, and then we probably receive another $1 million through receipt monies.

Mr. **Duncan**. You say in your testimony that you're an association, that you're representing here today that the National Emergency Management Association has recommended that there be a reduction in the State share of these costs, and yet do you realize, sir, that the Federal Government is in much worse shape financially than any State that we can think of? We're over $4 trillion in debt, we have a deficit this year that some people think may reach

$350 billion, losses of $1 billion a day—figures that would have shocked John Kennedy or Lyndon Johnson, who were considered very liberal for their time.

How do we reconcile all that? We read about the city governments having budget shortfalls, the State governments having budget shortfalls, yet the Federal Government is spending two and a half or three times what it was just 7 or 8 years ago and almost every State and city is spending two or three times what it was 7 or 8 years ago. It seems that we have to curb the appetite for government spending at some point in some way.

Mr. MYERS. I can appreciate that, sir. But I believe over the years traditionally that this is one program that for years it was a necessary evil. People didn't want to talk about disasters. Throughout the last few years, I think it's time that we make an investment in disaster preparedness. It's like a good insurance program. Get us up to the level that we should be at today. I don't think you're talking about astronomical amount of money to get us prepared, when you look at the overall FEMA budget compared to other areas of spending.

The disaster program is—it's hard to judge exactly how many disasters you're going to have in a year. But I think the better you do in preparedness to mitigate things through the years, it will probably save money in the long run in disaster recovery payments.

Mr. DUNCAN. Thank you very much.

Mr. BORSKI. The gentlewoman from Connecticut?

Ms. DELAURO. I have no questions, Mr. Chairman.

Mr. BORSKI. Mr. Myers, I just want to follow up on the gentleman from Tennessee's questioning.

It's your position, I take it, that you feel that FEMA has not asked for enough funding from the Congress in this session. Would that be accurate, sir?

Mr. MYERS. Well, I know one area that we would like to see an increase in funding. That's in the basic money that goes out and supports the local emergency management director. When I started in the business, it was a 50/50 match. It's down to about 31 percent or 32 percent. That's what local governments and the States are getting. This is just the basic funds to keep the program going. I think there is probably about a $30 million shortfall across the country to get us back to 50 percent.

Mr. BORSKI. Do you feel that FEMA asked for enough money to fund its possible needs, with the disasters that we've hit in the last couple of years?

Mr. MYERS. They have probably underestimated the disaster relief request. I can't recall the exact amount they did request. But anytime I would think that you have something on the magnitude of Loma Prieta or Hugo that you are going to have cost overruns. I think experience would show that.

Mr. BORSKI. Our experience in the last couple of years would suggest that we are going to have——

Mr. MYERS. If I could, I think it was $270 million that they have asked for fiscal year 1991 and got zero.

Mr. BORSKI. Any other questions?

[No response.]

Mr. **Borski**. If not, I would like to thank you very much.

Mr. **Myers**. Thank you.

[Mr. Myers' prepared statement appears on page 134.]

Mr. **Borski**. Our next panel will consist of Mr. Jerome Hauer, director of the State Emergency Management Agency for the State of Indiana; Mr. Howard Stitt, an engineer for Harrison County, Ohio; Mr. Jim Hepe, Belmont County commissioner from Ohio; and Mr. Matt Coffland, town trustee for Mead Township in Ohio.

[Witnesses sworn.]

Mr. **Borski**. Mr. Hauer, would you begin, sir?

TESTIMONY OF JEROME M. HAUER, DIRECTOR, STATE EMERGENCY MANAGEMENT AGENCY, STATE OF INDIANA; HOWARD STITT, ENGINEER, HARRISON COUNTY, OH; JIM HEPE, BELMONT COUNTY COMMISSIONER, BELMONT COUNTY, OH; AND MATT COFFLAND, TOWN TRUSTEE, MEAD TOWNSHIP, OH

Mr. **Hauer**. Thank you, Mr. Chairman and members of the committee. I have a statement that has been submitted for the record.

I appreciate the opportunity to appear before you today. My name is Jerry Hauer, and I am the director of the State Emergency Management Agency in Indiana. I have been involved in emergency management and emergency medical services for a number of years. Prior to coming to Indiana I was the deputy director for Emergency Management for the city of New York's emergency medical services. Prior to that, I was on the IBM corporate staff where I was a program manager responsible for emergency response for IBM worldwide.

During the past 10 months, Indiana has had five major disasters resulting in four presidential major disaster declarations. Mr. Chairman, 87 of our 92 counties were declared disaster areas by the President. Well over 500,000 people have been impacted by these events. Losses are estimated to be well over $300 million with over 1,100 homes significantly damaged or destroyed. But most importantly, over 30 Hoosiers have lost their lives and hundreds have been injured.

Throughout this time, Indiana has had the opportunity to work very closely with FEMA at both the national and regional level in the disaster response and recovery process. Overall, our experience with the FEMA region five office that serves the State of Indiana has been quite positive.

However, our experience with FEMA headquarters can be summarized in three words: lack of response. An example of this came after the March 1991 ice storm that devastated our State's northern and central electric utilities, especially the rural cooperative and municipally owned power companies.

Governor Bayh signed the Federal/State agreement for the ice storm, maintaining his right to appeal for 100 percent participation by the Federal Government in disaster recovery costs. This appeal was made by the Governor to the President on April 8, 1991. To date, FEMA headquarters has not acted on or replied to the Governor's letter of appeal. In numerous attempts to contact the director, we have received no response from him or his Washington staff.

Several weeks after the ice storm, I was informed by another State emergency management director that FEMA was not going to fund the public assistance commitments it had made because the public assistance program was out of money. To commit to the provision of disaster recovery funds, through the signing of the Federal/State agreement without sufficient program funds in place, was an example of poor judgment on FEMA headquarters' part. To imply that funds would be forthcoming, when in fact FEMA knew differently, was inappropriate at best.

Please allow me to present to you some items that I believe should be focused on to enhance the spirit and intent of the Stafford Act.

I would like to express my concern for the arbitrary nature involved in FEMA headquarters decision-making. This arbitrary process affects the State of Indiana and Governor Bayh's appeal for greater Federal participation in the ratio of disaster recovery costs.

This was alluded to by my colleague, Joe Myers, earlier on in discussing some of the problems he had had in trying to figure out what formula to use.

Regardless of FEMA's decision pertaining to the Governor's appeal, I would urge the development and implementation of a standard for disaster recovery cost ratio for all States and trust territories. Such a ratio could be on a sliding scale based upon the magnitude of the individual disaster event, and the number and cost of disasters affecting an individual State or trust territory.

The second action I would urge Congress to take involves interest costs incurred by local and State public assistance applicants. As you heard Congressman Jontz and Congressman Sharp discuss earlier on, some of our counties are incurring quite significant interest costs as a result of not having the money that was originally promised by FEMA because of the delays.

At present, interest incurred by the local and State applicants to make these expeditious repairs, when health and safety or severe financial hardships are at stake, is not an eligible item for reimbursement under the Stafford Act and its implementing regulations. I would urge Congress to amend the Stafford Act to provide reimbursement for interest costs incurred in these types of cases.

Thirdly, FEMA regions need more autonomy to act and react during a disaster and for day-to-day operations. Downsizing FEMA headquarters and giving more authority and staff to the regions would significantly improve not only disaster response and recovery, but also day-to-day program management. It would save the taxpayers significant amounts of money by eliminating redundant staffs and expediting decision-making.

Finally, I would ask you to act quickly on providing supplemental funding for FEMA for outstanding disaster declaration.

Throughout my testimony I have tried to provide the members of this subcommittee objective and constructive criticism of FEMA. Over the past few months I have personally been vocal in expressing this same spirit of criticism about FEMA in my public comments and correspondence.

Let me say that my remarks were motivated purely by a sense of urgency on behalf of all Hoosiers. If these comments were in any way misconstrued by FEMA as personally critical, I want to make it clear that they were not meant in that light.

Lastly, I would urge Congress to be more attentive to the needs of FEMA, especially as they relate to those problems dealing with disaster preparedness, response, and recovery. The role which FEMA has been given is a very difficult one. Disasters are not something that most people want to think about, much less plan for. However, that is FEMA's job. It is a job that is vitally important to this Nation, its State and local governments, as well as all Americans. We are charged with restoring order from chaos and helping people as well as local governments recover from events for which many times they have not planned for.

I remain committed to working with FEMA headquarters in any and every way possible to ensure that a responsive and efficient emergency management system is in place.

This concludes my testimony. I appreciate your inviting me here today, and would be happy to answer any questions you may have.

Thank you.

Mr. Borski. We will hold our questioning until the panel completes its testimony.

Mr. Stitt, would you like to go next?

Mr. Stitt. Thank you.

Mr. Chairman and committee members, again I appreciate the chance to come and say my piece. I am Howard Stitt, Harrison County engineer, which is the fifth smallest county in the State of Ohio. We also have the dubious distinction of having one of the highest unemployment rate in the State and have had that for the last 3 or 4 years due to the fact that we were very active in the coal mining industry, which has been devastated.

A disaster with the magnitude of the June 14th flood hit our county much harder than it would a more prosperous county. Our normal highway budget is approximately $1.6 million, $280,000 of which is for maintenance, repairs, and improvements.

Again, the FEMA response time was very quick in our county. The teams were down there within 3 or 4 days, they were qualified, they were efficient, and they worked well with the counties, villages, and townships.

We were, however, dissatisfied in several areas. The streams in our county were filled with 2 and 3 feet of sediment covering as much as two-thirds of their length, making the streams very susceptible to future flooding. Initially FEMA representatives indicated to us that some stream dredging would be an approved item, yet when the DSR came back it had not been included. We did not pursue the matter actively at that time due to bridges, roadways, and culverts being out. These items took a much higher priority.

Some months later, when the problem with the streams became very much evident, all attempts to obtain funding seemed to run into a dead end, and yet Belmont County, as I understand, received over $2 million in stream restoration. I'm not being critical of Belmont County, but it seemed rather inadequate. We actually had more area that was hit with a flood than they did. They understandably had a lot larger loss of life. We had no life lost in Harrison County.

The FEMA team reviewed all the roads that were damaged and responded as to whether they should be eligible for funding or not. One section of road in our county that sustained the heaviest damage was discovered to be on the Federal Aid secondary system. We were verbally assured that this would not be a problem and the Federal Highway people would take care of the situation. It was approximately four and a half months later after the flood and much letter writing and bureaucratic red tape before they sent a team down to look at the road in question.

Immediately after the flood our workers had worked 7 days a week for approximately 2 months restoring washed-out roads, damaged blacktop, clogged ditches, and plugged culverts. On the particular road in question, we had expended over $37,000 in equipment, labor, and material in order to make this road a passable road for the traveling public. Because we had brought the road up to a good condition the Federal review team claimed they didn't see anything wrong with the road, which meant we could not receive any funding.

It seems hard to believe that immediately after the storm the FEMA review team felt it should be funded and then four and a half months later a FHWA review team felt they should not be funded. I could have left the road in the damaged condition and forced people to drive through broken blacktop and water running over the roads, and we probably would have been funded. It seems we were penalized for doing a good job.

I believe FEMA should be responsible for taking care of all the roads in the flood situation—both on the Federal Highway secondary and non-secondary—and they can decide who should pay for what damages later.

Getting funds back to counties in our financial situation should be expedited. The first 75 percent went relatively well. The time delay in getting the remaining 25 percent, along with the necessary paperwork, at times almost seemed like it wasn't worthwhile.

To deviate slightly, we are waiting right now for approximately $160,000 that we have already expended. We haven't incurred that much interest because we just haven't paid the bills. We get a lot of phone calls, but we're waiting. The 25 percent seems like an awful lot of money to hold back until everything is done, and then the review team has to come in and take one final look at a final review before they can release that final 25 percent.

We have had to pay for many items pertaining to the flood out of our budget and without reimbursement there will be no road maintenance program in the 1991 season. I would recommend putting the last 25 percent on the fast track so as not to pose a hardship on small communities and counties.

In closing, I appreciate being given the opportunity to speak. We of Harrison County are very appreciative of the help we received from FEMA.

Thank you.

Mr. **Borski**. Thank you, sir.

Mr. Hepe?

Mr. **Hepe**. Good morning, Mr. Chairman.

Members of the committee, ladies and gentleman, my name is Jim Hepe. I am a county commissioner in Belmont County, Ohio, one county that 11 months ago yesterday has pretty well been known because of what we would call the Shadyside Flood Disaster.

As a county commissioner, I would much rather be here telling you that there is no need for emergency assistance and that the money could be used other ways to do a lot better things, but we were in a situation that happened to us that we could not prepare for, and that we were not prepared for. Because of that is how I've had a knowledge of working with FEMA.

We had creeks in our county that were no wider than the table in front of us that swelled to the size of 2 football fields with water twice the height of this ceiling here that came down and tore through our streams, destroyed miles and miles of highway. Some 26 lives were lost. We lost 90 homes that were totally destroyed and 400 homes were devastated. People are continuing today to clean up the creeks to make our lives whole again.

From the total Belmont County's disaster, we're not sure what the total dollar figure is, or if it will ever be paid back, or if we will ever be able to do all the repairs that need to be done because of what that water did that evening when it came ripping through the hollows.

So there really is such a thing as a disaster that having not been around one and only seeing what happens in Hugo and what has happened in California, and knowing what's going on in Indiana—until you experience one, it's a completely different animal.

We would have never made it without FEMA. Believe me, FEMA was there right away. The people that work for FEMA were very cautious and concerned. They understood the people's problems—and we had a lot of people problems, as you may be aware. If you've ever been in a situation like this, about 4 hours after it happens everyone is helter-skelter, there are thousands of people running trying to find this person. That person is missing. Just to pull all those nuts and bolts together is an amazing task. FEMA's personnel that they had working on their behalf with the people in need—that was a very good experience.

Some areas of concern with working with the people that I feel are very important are the guidelines for reimbursement. The guidelines for reimbursement is put on a certain amount of income that an individual who receives the benefits is allowed to receive. Of course, they're allowed to receive a maximum of $10,400, which is probably outdated and 20 years old also.

But the amount that a person is allowed to make in income, in some cases penalizes this individual. For example, if you have a person receiving a $400 pension check with a social security check per month, they would make over the income guidelines. One example is a person that was 70 years old was on pension, lost his wife, lost his home, lost everything, and yet he doesn't qualify for any FEMA assistance. Here is a person that has paid taxes all his life, and he's worked hard, raised his family, and has his home, and now he can get no help.

So I think that guideline really needs to be looked at because just because a person has income of $9,000 a year—believe me, folks, that doesn't mean that they can take care of all the problems, especially after they lose one of their loved ones, their home, or their personal property. So I really think the guidelines need to be looked at.

The maximum assistance per case—this is another situation where, again, it's like you're asking for more money. I don't know if anything can ever replace what people lose, but believe me there are times when that just begins to help the people get their feet back on the ground.

A person that goes through a situation like this has a 60 day period of time in which to get all their losses and everything cooped and put it into FEMA or they lose any benefits. That goes for government also. All the damage that we've had on our roads, bridges, and streams we had to have everything together within 60 days, or if we sent in a claim after the 60 day period, they would say that we couldn't be repaid for that. A lot of things, after the disaster hits—we're still finding things.

I have talked to superintendents that had dealt with water problems, bridge problems, and road problems, and they tell me that when a job is put out for an estimate that FEMA's estimate is extremely low and what this does is that in most cases we have to rebid. So we go into a bid process to replace a bridge, and FEMA's estimate was too low, so the bridge is bid on that figure, and we'll have to rebid it and it ties it up for another 60 days.

In some cases, we have jobs now that could have been done 4 months ago that still are being bid because the estimate was so low when FEMA made the estimate that we had to go back to FEMA to get the increase and the amount to replace the bridge. I thank that needs to be looked at, that period of the estimates, and the period of time to report.

I think that I would like to echo some of the comments that Congressman Applegate made. There needs to be some sort of assistance for disaster coordinators to be on hand in all of our counties. I know our county and Harrison County, our neighbor here, we would really need that person to be trained and be on-line so that they can serve the needs.

I thank you all for the opportunity to be here.

Mr. **Borski**. Thank you very much, sir.

Mr. Coffland.

Mr. **Coffland**. Thank you for allowing me this opportunity to speak here today. I offer a special thanks to Congressman Applegate and his staff.

My name is Matt Coffland. I am one of three trustees in Mead Township, Belmont County, Ohio. As you know, the residents of Mead Township were devastated on June 14, 1990 from a flash flood along two of our creeks, Pipe Creek and Wegee Creek. As you know, 26 people died in the flooding, homes were destroyed, and property was damaged.

Unlike much of the country, the upper Ohio Valley region, where our township is located, is economically depressed. The once highly productive coal mines that once provided so much for so many are now practically non-existent. So the tragedy that fell upon us last summer made a difficult situation even far worse.

The vast majority of us had never experienced such tragedy. During the week the flood hit, the township trustees' biggest concern was that the grass mower on our tractor was broken and we were debating whether to fix it or buy a new one. But that small issue was quickly forgotten once the rains of June 14th came.

Our community became swamped with media, military, area rescue crews, and Government agencies. It was very overwhelming. We learned what to do, and how to do it, the hard way, and in a hurry.

Along with many of the Government agencies we came into contact with was FEMA. Overall, the township trustees give FEMA a very good rating. FEMA representatives were very cooperative and very helpful. They were patient with us and took a lot of time with us in determining the damages to our roads and drainage systems. They were very accurate and fair in assessing our damages. FEMA acted very quickly in sending Mead Township financial assistance so we could begin the repair and replacement of our roadways and drainage systems. For this, we say thank you.

One area of concern deals with FEMA's regulations in its assistance to the flood victims. Please do not take this the wrong way. FEMA did a good job based on the rules and regulations by which it is governed. It is, however, the rules and regulations that perhaps need further study.

I know you have heard it many times before about this country sending millions of dollars overseas when it seems not enough stays at home to help Americans in need. I am not saying that there are not worthy causes overseas. I am saying, however, that perhaps more money should be available when tragedy hits Americans.

Many of our residents affected by the flood were of the low to moderate income level. Those who did qualify for FEMA's $10,400 were grateful for that amount, but with all due respect, it did little to get these residents back on their feet. In some cases, those who did not qualify for the entire amount, had to borrow money and/or rely on other sources for assistance. I am not saying it is the Government's entire responsibility to rebuild these people's lives back to where it was prior to the flood, but I am saying that perhaps the amount of money available to them should be higher.

I do believe that FEMA needs to spend a little more time with the flood victims. I think the interview and investigative process went a bit too quickly.

Also, the requirements that decided whether funds should be granted could be somewhat less restrictive. Again, stop and think about the millions of dollars we send in a moment's notice overseas when tragedy strikes some other nation. Then think about the people of this country, and in this case, Mead Township, and how difficult it has been for these people—good people who have paid their fair share to the Government in the form of taxes—and in some cases, as veterans of war.

One case comes to mind of a couple who are about 70 years old. They had a small, well-kept home and attractively landscaped property along Pipe Creek. The husband worked very hard his entire life to have these comfortable surroundings. Once the flood waters lowered, there was nothing left on his property with the exception of a few trees. The couple fell in the middle. They fell through the cracks. His retirement pension made him ineligible for FEMA and an SBA was out of the question at his age. He felt as though he worked hard for many years, paid his taxes, and then left out in the cold.

This is just the story of not only one. There are many others who face the same problems.

In conclusion, again I want to state that the township trustees believe FEMA did a very good job for them. They also did a very good job for the residents, based on the guidelines by which they operate. We only wish the guidelines would come under closer examination to make sure that FEMA can do more for Americans when disaster strikes in America.

Thank you.

Mr. BORSKI. Thank you very much, sir. Let me just reiterate that that is part of what we're doing here today, to try to find out from those of you who have had the misfortune to be in need of assistance to tell us what we can do to make it a little better.

I have some questions for the folks from Ohio first, Mr. Hauer, and then I'll come back to you.

Did any residents affected by the flood in Ohio have flood insurance? If not, why not?

Mr. Hepe, do you know?

Mr. HEPE. Maybe one or two cases, that I'm aware of. They weren't considered to be in a flood plain problem area.

Mr. STITT. Some of the residents had flood control. The county had passed a resolution to make us eligible. But, again, many of the areas that were flooded were not designated flood areas. We had over 12 inches of rain in 2 hours in one area that affected the bulk of it. If it wouldn't have been for the fact that we saved a major reservoir for one of our villages, Adena would have looked like Shadyside. We were fortunate in order to save it at 5:30 in the morning in a storm.

Mr. COFFLAND. Mr. Chairman, I think this is where the whole problem lies. In our case, we had a wall of water hit Mead Township. A flood, to me, is when water rises. Water came down the hollows and wiped everybody out.

I believe the insurance companies should have had pressure put on them. They weaseled their way out. How? I don't know why the Government has to pick it up, but I think more investigation needs to be put in. A lot of people did not have flood insurance, but it was a disaster. I believe in a lot of policies, it does cover disasters.

The insurance companies, to my understanding, wanted to say it was a flood. To me, a flood lifts homes up off of foundations and moves them a few feet and sets them back down. What we experienced in Mead Township was a wall of water higher than any house and just wiping out people.

So I think that you need to investigate whether it was a flood or whether it was a backup of water that all of a sudden let loose. I don't know.

Mr. BORSKI. If it's not a flood, and it's a disaster, there's very little you can do to avoid this happening again.

Mr. COFFLAND. What happened in our situation was that three storms collided in one area and just unloaded on us. But I do think the insurance companies got let off very easy through all this. We were supposedly in a flood area, and the insurance companies didn't even make our people carry flood insurance. If they didn't have to carry it, that was fine, but you don't wait until after the fact to tell me where they were, and I think there should be some regulations put on insurance companies.

Mr. **Borski**. Mr. Stitt or Mr. Hepe, are there changes that could be made, or have been made, to avoid anything like this happening again?

Mr. **Stitt**. There is one area that is being worked on—Congressman Applegate has been working on that—there has been a proposal to put a dam in one of the areas to catch some of this water. Another area that is of our concern—and we met with some of the State people yesterday—is that it actually gets into the strip mining regulations where areas that contributed to this flood, they are making them totally reclaim everything where for years old stripping had retained thousands and thousands of acres of water. Now, due to new stripping, the water is all going down and increasing the problem almost daily as they do more stripping. The runoff is all going down.

We're asking the State to leave some of these areas, to change their thinking on it. We are doing some things to hopefully alleviate it.

One of the concerns I mentioned was the stream dredging. We have streams that are probably 3 feet filled with sediment. We had two or three minor storms this year that are kicking the water out of the banks now. We are much more susceptible to flooding until we get this problem solved.

Mr. **Hepe**. We are told that we need to put monitoring and rain gauges into the creeks, but we're not given any money to do such a thing. We are attempting to get some attention and some funds from the State of Ohio to try to prevent this from happening again.

Mr. **Borski**. We have been joined by the distinguished gentleman from Ohio. I was wondering if you wanted to make a comment at this point.

Mr. **Applegate**. Yes, I do, Mr. Chairman.

With regard to that question, we know that the U.S. Weather Service was very faulty. I don't know what happened to them, but they were unable to give any forewarning that this was going to happen, but it did happen fast.

But let me say this. Since this happened, and you asked what could be done to perhaps see that this doesn't happen again, I don't know that anything very definitive can be done, however, I have asked for and received the funds for a reconnaissance study that is being done at the present time by the Corps of Engineers, the results of which should be forthcoming very shortly toward the possibility of a full-fledged feasibility study that they could move in and make the corrections. If the reconnaissance study says that they can see where the problems occurred and something can be done, then they are going to move forward and see what they can do to assure that doesn't happen again. We have that going on right now and we should have the results of that in the very near future.

Mr. **Borski**. Mr. Hauer, has FEMA made any payments to Indiana for public assistance?

Mr. **Hauer**. We have had four presidential disasters, as I mentioned. For the first three, there were public assistance payments made. The largest disaster Indiana has experienced in its history—

as a matter of fact, the largest disaster in FEMA region five's history—occurred in March of 1991, which was an ice storm that affected about 450,000 people. We have not received any money for public assistance for that, and we were told in talking with FEMA that—again, pending the outcome of the supplemental appropriation that was requested—money would not be forthcoming until October.

Mr. BORSKI. What will the effect of the unavailability of FEMA funds be on your State?

Mr. HAUER. It will be quite significant. The first cost estimates on the disaster are up around $45 million. That has now been downsized to about $30 million to $35 million. But as you have heard from Congressman Jontz this morning, interest costs alone for some of the utilities are going to account to $800,000 in one city alone. That is not covered under the Stafford Act. Many of our cities—the counties that were impacted by this disaster are some of the poorer counties and they cannot afford in any way to pick up the substantial amounts of interest that are going to be accrued in trying to meet the bills that were incurred in trying to get the power on for these 450,000 people.

Mr. BORSKI. Your co-panelists from Ohio seem generally pleased with FEMA. Do you have the same opinion?

Mr. HAUER. I think that FEMA region five staff did an outstanding job. They are to be commended. As a matter of fact, Ron Buddecke, who was the Federal coordinating officer on our first disaster, was recognized by the Governor right after that disaster, and then Phil Zaferopulous, who was the FCO on the subsequent two disasters did an outstanding job. We reach a wall when they have to then go to Washington, to FEMA headquarters, to request assistance or clarification. And we often run into problems when anything has to come to FEMA headquarters.

But the response and recovery efforts, on behalf of the region, I think we probably have one of the best disaster assistance staffs, in FEMA region five, in the country. Unfortunately, they have had a lot of experience in the last year. As a matter of fact, the Governor on many occasions now feels that they are probably eligible to vote in the State because they've been there for so long. But they have done an outstanding job and they are clearly to be commended.

Mr. BORSKI. In essence, then, the problem with FEMA that you have is one of simply paying the——

Mr. HAUER. It's two-fold. First of all, I think that the delay is going to significantly impact the State of Indiana. I think the fact that nobody told us anything about this and that we had to find it out from another State, and then when we inquired, to this day we really, to this day, have not received a good answer. It was not until the Congressional delegation met with FEMA that we got some kind of an answer about what was going on.

On a number of occasions, I attempted to contact FEMA headquarters to get a straight story on what was going to happen and got nothing. The press from Indianapolis called FEMA headquarters and the FEMA headquarters press office did not even know that the State and local programs had made the decision to withhold payment on this disaster for an indefinite period of time. I think that's unconscionable.

Mr. **Borski**. Mr. Packard.

Mr. **Packard**. I wanted to pursue a little bit what you had discussed, Mr. Chairman, in your questions.

Mr. Hepe and Mr. Coffland, most cities have a designation of flood plains—250 year flood plains or 100 year flood plains, 50 year flood plains, and so forth. I presume you've done that in your counties or your townships.

After these recent disasters and floods, have you assessed and are you looking again at any changes that need to be made to address future problems in terms of changing your flood evaluations and flood plain designations?

Mr. **Stitt**. If I might step in, the Department of Natural Resources in the State of Ohio, working with the Corps of Engineers, is reevaluating the whole State of Ohio. This input has been given to them. They are re-looking at it.

The only reason I know that is that they happened to be in our county last month reviewing one of the villages. But they are looking over the whole State of Ohio, particularly in this area where their 100 year flood plain did not show any of these areas that would be flooded, basically.

Mr. **Packard**. So they will be reevaluating?

Mr. **Hepe**. We now have one. I'm not sure how that will change when they look at it because the creek we're talking about was from me to you and we could walk in it barefoot and not get wet. That's why it was zoned the way it was.

Mr. **Coffland**. In our area, the people made adjustments and moved back closer to the hills.

Mr. **Packard**. What I'm asking is, what you have learned from the disaster from the local perspective or the State perspective that will assist you in preparing and developing better flood control measures?

I live in an area in California where flooding is a significant problem and you never know how severe it's going to be from one year to the next. Many of our streams are dry most of the year, with literally no water whatsoever, but they become flood streams at other times during the year.

I'm wondering if you are evaluating and assessing this problem in light of what you can do from the local level with local funds and developing local priorities in terms of flood control preparation for the future.

Mr. **Hepe**. I mentioned that we are attempting to get some sort of funding from the State of Ohio so that we can put monitoring devices on our creeks, but we're also hoping that the weather advisories will be able to pick things up through some updated equipment that I understand they have put in areas that have been flooded in West Virginia and Pennsylvania in the past, and hoping that we get the same attention that has been given there.

Mr. **Packard**. Mr. Hauer, in your situation in Indiana, what is the delineation or the distinction between the role of the State of Indiana and the role of the Federal Government in addressing disasters in terms of not only the response, but also the funding?

Mr. **Hauer**. First of all, in response and recovery the State of Indiana—I think we have a fairly aggressive emergency management program, and I think we're probably one of the more proactive

States. We are on alert prior to any significant event, except for those that are unplanned types of events, such as hazardous material incidents and things of that sort. The things that have hit us—the weather events, primarily—we tend to monitor very closely.

Our role is to be the first responder.

Mr. **Packard**. Should that change?

Mr. **Hauer**. No, I don't think so.

Let me describe how an event occurs very briefly. It is a series of escalations from the local responders to the State to the Federal Government. I don't think the State should step in until there is a need. Very often the counties feel that we have come in when there is no need for us to come in. We let the counties manage until they feel there is a need for the State, unless we have an overwhelming event like last year's tornado outbreak where we had over 40 tornadoes touch down in Indiana in an 8-hour period. We knew it was a devastating event, we knew it happened, we were monitoring it, and we had people out in the field as it was occurring.

It's a matter of using judgment as to where the State should step in, but we are very active in working with the counties.

We call on FEMA when we feel it is beyond our scope to handle a situation. But the State has a very definite role in responding. It is our Governor's belief, and one that I echo, that if the Federal and State governments cannot help people in times of disaster, when they are in the most dire need, what better role is there for the role of Government than times of disaster? So our State plays a very active role in responding and helping people recover from disaster.

Mr. **Packard**. Under the guidelines, as you understand them—and I'm not sure I know them—the distinction between the State's role and responsibility in funding in contrast to that of Federal Government, has the State met their financial obligations and reimbursed their financial obligations to those that are the victims of the disaster to the extent that you're aware of?

Mr. **Haufr**. I think we've exceeded in many ways our commitment. As a matter of fact, following the tornado outbreak and following the first two floods, the Governor not only met the State's share of the 12.5 percent of the commitment, but agreed to pick up the local share as well because the counties that were impacted were so poor—some of them. The town of Petersburg, was basically wiped out. We had a significant number of homes leveled by a tornado. We had 12 people killed on that one night.

They could not afford the public assistance involved, so the Governor committed lottery funds and used those funds to help the locals pick up their share of the disasters, which have been enormous in the last 10 months.

Mr. **Packard**. Normally, government is slow to regulate insurance companies and place mandates on the private insurance sector. Do you have any recommendations for any evaluations following the disasters that you have experienced?

Mr. **Hauer**. Yes. I think—and it goes in line with the chairman's comments about the insurance and flood insurance. My concern is that we have in our distinguished Congressman from Indiana's district a number of homes that were not covered by flood insurance.

There is a problem in that many people don't know they have to have flood insurance when they move into homes. I think somewhere along the line we have a lot of homes—we have 140 homes that can receive no Federal assistance under the flood insurance program because they were not insured.

Somewhere along the line, we have to let people know when they move into an area that requires flood insurance that flood insurance is in fact required. I think it would save the Federal Government an enormous amount of money because in the long run the Federal Government now has to come in and give individual assistance to these people whereby with insurance that money would have come from other sources.

Mr. **Packard**. Would you not agree, however, that that ought to be a State project rather than the Federal Government?

Mr. **Hauer**. That's something that we are talking about in Indiana.

Mr. **Packard**. Insurance requirements and regulations.

Mr. **Hauer**. That's a good point. I agree with that. But the flood insurance program is run nationally through the national flood insurance program. We are talking about doing some of those very same things in Indiana to get the insurance companies more in line, and we are looking at ways to do it to ensure that when people move into floodways, or areas that require flood insurance that they in fact are covered by it.

Mr. **Packard**. Thank you.

Mr. **Borski**. The gentleman from California, Mr. Anderson.

Mr. **Anderson**. Thank you, Mr. Chairman.

Mr. Hepe, you're suggesting that the 60-day period of time to report the loss of needs be extended to a 12-month period. That sounds like a reasonable suggestion to me. What has been the reaction to that?

Mr. **Hepe**. To be honest with you, it's just something that we've been talking about through county office holders. We were discussing that because things have been discovered after the 60-day period that we had supplied, and we had applied for. We had applied for it, and it was sent back saying that we missed the timing. But there were things that we discovered months after. They were infrastructure type problems. We're still discovering infrastructure problems.

That's why. It was part of a thing that made sense, if there was an extension to that time. Then the individuals themselves, also, when there is a loss of life or two or three — at times it is difficult for that individual to even think for a month or two, let alone to have to get everything in their life together in 60 days and if they don't they lose it all.

That's why, sir.

Mr. **Anderson**. Everything in Government runs usually a year at a time. It would seem to me that your suggestion of a year is a pretty normal suggestion. I just wonder why—I mean, sometimes you have to—but when you have a guy like Applegate around, you can get anything you want. [Laughter.]

I'm just wondering what the reaction would have been if somebody opposed that idea.

Thank you, Mr. Chairman.

Mr. **Borski**. The gentleman from Ohio, Mr. Hobson.

Mr. **Hobson**. First of all, I would like to commend these witnesses. The best witnesses have always been those who are right there on the ground and certainly were there when the disaster occurred.

The one thing I wanted to mention in the area of insurance companies—I know you gentleman from Ohio have a State Senator there that is chairman of the Insurance Committee. Did anybody go to them and complain about the way the insurance companies were handling the disaster there?

Mr. **Coffland**. We talked to insurance heads out of Chicago, Illinois. They basically fed you a line of BS, to put it bluntly to you. "It's your problem, worry about it."

Talking about insurance, you do have to regulate in these flood areas because you get hit with a flood once every 100 years. You can't have $300 and $400 premiums. You have to make it so that the people can pay it. It only hits once in a blue moon and you have to make them reasonable.

But we did contact the insurance companies and you talk to this man one time, and the next time you can't find him.

Mr. **Hobson**. What about—and this may be the problem because it was a 100 year flood plain, or 50 year—but under FHA, Fannie Mae, and Ginnie Mae, I think you generally cannot get a loan on a house in a flood area unless you have that in your policy.

Mr. **Coffland**. Exactly. That's where I'm saying that the flood insurance has to be regulated. The people got their loans by—they had to because they needed some place to live, but the rates were so outrageous that—$300, $400, or $500 a year every year for the life of your loan—and it may never ever flood again. Everyone takes a chance, so let the insurance companies take one once in a while.

Mr. **Hepe**. The homes that we're talking about in Pipe Creek and Wegee are homes that were built and paid for and passed down in tradition. None of these homes have been built in the last 30 or 40 years. There was no need. These people were secure, and their houses, in most cases, were paid for. I only knew of two residents along all the creeks that even had flood insurance.

Mr. **Hobson**. From your experience at the township level and at the county level, what would you say to some other township trustee, or county commissioners around? What would you say to other people to be prepared in a county where a similar type thing would happen in the future that they should do today?

Mr. **Hepe**. I think a large part of that has to be at somebody's command. There has to be a disaster coordinator that can work with your townships and can work with your officials. I think that individual needs to be trained so that they can keep everybody apprised on what we need to do and how we can do it. Before this happened, to be honest with you, we did have—and we still do have—a temporary disaster coordinator. But he learned real quick.

Mr. **Coffland**. He needs to be able to have one man at the State to answer to, and one man at FEMA. For instance, we needed a crane to get some bodies out of the end of the creek. He didn't know who was going to pay for the crane. The city couldn't afford it, the township couldn't afford it. We lost 4 days waiting to find out who was going to okay the payment on this crane that we were bringing in. Meanwhile, the family was waiting to find their lost one. That should have been a decision where he said, "Who's paying for it? Is it covered? Then go for it."

I think they need someone—you need your local coordinator that has his fingers out to all the different agencies so that with one phone call he can get an answer.

Mr. HOBSON. Has the State changed anything towards you since then?

Mr. COFFLAND. I don't know. I've been busy trying to rebuild Mead Township, so I really don't know.

Mr. HOBSON. So if you had another one, you really don't know, to this day—you would be better prepared, but you would still have the same communication problems you think? You would be more experienced, but you would still have the problem of who to call at the State, and the time problems, and things of that sort would still be there?

Mr. COFFLAND. Right.

Mr. STITT. The State has made a lot of improvements. Quite honestly, one of the bigger problems that we had immediately—I think there were 16 teams of FEMA people in, and it was all going to Columbus to their head man, and they had two people in the office to handle all this paperwork. It took a week or 2 weeks. This guy had never had a disaster to start with.

They are now well-staffed and have been processing the paperwork regularly. But initially they were not prepared either, for whatever reason. They weren't trained. But there was a definite problem at the State level initially. It seems to have been corrected.

Mr. COFFLAND. You put in good programs, but I don't know how much follow-up you all do after you put them in, as far as—the program is good, you just have to feed it down to the lower poled people on the totem pole.

Mr. HOBSON. Thank you, Mr. Chairman.

I agree with Mr. Anderson's comment about the timing. I also think there's a problem with the people who fall through the cracks. Too often, in our system, there are very good people out there and we establish these arbitrary numbers and they, for one reason or another, fall on the wrong side of that. We destroy and create a lot of trauma for some very good people. I hope we can look at that and remedy that.

Thank you, Mr. Chairman.

Mr. BORSKI. I thank the gentleman from Ohio for his contribution.

The gentleman from Indiana, the distinguished member of the subcommittee?

Mr. VISCLOSKY. Thank you very much, Mr. Chairman.

Mr. Hauer, first of all, I would like to apologize, as well as to the rest of the panel, for not being here to hear your testimony. I had another parochial interest in terms of immigration services in northwest Indiana and was required to be elsewhere.

I would also want to thank you, not only for the assistance that you personally provided, but to all the people in the State agency regarding the disaster that occurred in the Highland, Indiana area, as well as obviously the other problems that you encountered across the State. I really do think that not only yourselves, but as you pointed out, the people in region five in terms of FEMA, acquitted themselves very well.

I do think that Mr. Stitt alluded to it in the follow-up questions concerning the question that you raised in your prepared testimony about the decentralization of the process—I think it makes a lot of sense. Being on the scene in terms of the situation we encountered in the first Congressional district in Indiana, it became apparent that one of the things that you need as soon as possible is somebody on the spot capable of making some decisions. I think that's true not only in terms of the human conditions that people face immediately, but in the longer term financial consequences the taxpayers have to face, it makes a lot of sense. I really think that that is a point well taken.

I appreciate the comments in terms of the interest costs, given the financial situation that you all face. I would hope that in terms of prospective activities between the Congress and the Administration, we can better anticipate when emergencies occur in terms of financing these problems, so that we don't incur on behalf of the taxpayers the interest costs when they have to be absorbed by local agencies.

Again, I do think because the public responsibility and commitment has been made, we ought to meet it. I would just hope that in terms of anticipation that we can eliminate that as a prospective cost.

Mr. Chairman, what I would like to do is to ask two questions of Mr. Hauer, one fairly parochial in terms of the situation we continue to face in Highland, and the second a more general question.

I understand that the Governor has asked the Army Corps to construct a dike in terms of the Highland area for the Winter Park Manor neighborhood, and that the approximate cost is anywhere from $600,000 to $1 million.

The question is, Jerry, has the State talked to the Army Corps about that? Have they also had conversations yet, do you know, with the local agency?

Mr. HAUER. Let me address that very quickly.

First of all, I want to thank you for all your help during the flooding in Highland. That was and remains a very difficult situation. We still have over 140 homes that we can't figure out what to do with. As you well know, we're still agonizing over it.

The Governor is contacting the Army Corps of Engineers. We feel that—and I believe a letter is going out, or has gone out today. We will be requesting this formally so that we can try to get this done as quickly as possible. As you know, part of the problem is that the Army Corps project has been delayed and continues to go on. Had the Army Corps project been completed in this area, this flooding would have never occurred.

The problem we now face is that we do have a lot of people who are not eligible for any additional FEMA programs. They have no money to relocate. They cannot raise their homes the required 10 feet. For some of the elderly—and again, many of these homes are free and paid for, and because they are clear, they had no flood insurance. We are really in a bind.

The relocation project for the NFIP homes that are covered under 1362 is going to cost between $5 million and $6 million under flood insurance. The relocation of all 270 homes will cost about $12 million. We feel that with the expenditure of under $1 million at this point—everybody would benefit because we would not disrupt the community, we would not have to relocate anybody, we would not have to raise the homes.

We feel that there is some urgency in this, so we are asking the Army Corps to look at this very quickly. We have discussed this with FEMA region five. As a matter of fact, it was the two gentlemen I alluded to before who have been working very aggressively to try to get this project underway. The one problem we have run into is that at first FEMA felt that they could fund the project as a PA project. As a matter of fact, we were going forward under that assumption. It now appears that if it is to be done in a FEMA project, it is a hazard mitigation project.

We feel the most cost effective way to do it is through the Army Corps of Engineers because they're already going about spending that money on the Little Cal project, and they have an enormous project in that part of the State. This would save money—this project for under $1 million would have to then be redone later on by the Army Corps. Why not do it right the first time, get it done, and not have to spend anywhere from $6 million to $12 million on worrying about the NFIP program?

Mr. VISCLOSKY. I appreciate the concern. What I would like to do is to work with the State office as well as the Corps.

Mr. HAUER. Absolutely.

Mr. VISCLOSKY. The point is well taken in terms of the savings in long term expenditure of dollars, and obviously the plight of those homeowners that remain.

I think the two problems that are faced here are first of all financial and secondly engineering. The Corps, while the project took nearly a generation to get authorized, it has been authorized, and the Administration—to their credit—has now built it into a component of their budget request on an annual basis. In fact, this year they asked for $6 million. Construction has started.

It is my understanding that there is some question about the impact a levy would have, but if the question about Indianapolis Boulevard's reconstruction is not addressed as well as progress in terms of hard ditch, which are parts of the overall project—what you then don't want to do is to harm other people in the surrounding areas.

But in terms of working with the State as well as the Corps, let's see what we can do.

Mr. HAUER. Absolutely.

Mr. VISCLOSKY. What I would want to do, in terms of a general comment, is ask if you have any impressions in terms of the impact that occurred, either in the State of Indiana or other States—and anyone else on the panel may comment as well—what about FEMA's involvement with the Desert Storm operation? Are there any particular thoughts you might have?

Mr. HAUER. If I might address that first, I was designated by the Governor to head up the State's energy emergency planning effort. As well as myself, the Superintendent of State Police, and the Adjunct General were responsible for overseeing the State's response to any threats due to terrorism.

I contacted—and I do have a security clearance, as do most of the State directors from FEMA, the Department of Energy, on almost a daily basis. They put out—and I know they sent out weekly reports as well—put out secure briefings that the only ones in the State that could receive it, because of the security clearance, were either myself or the Adjunct General. Neither of us could get it. I could not get it through FEMA, and in fact, I received almost no information from FEMA about what was going on.

I understand the national security side of FEMA was doing some things, and some of those they might not have wanted to share with the State directors. On the other hand, I feel that as the person responsible for the State's emergency planning efforts, the response of FEMA to try to get us information and try to keep us in the loop was poor at best.

Mr. VISCLOSKY. Would anyone else care to respond?

[No response.]

Mr. VISCLOSKY. I thank you very much. I appreciate the other panelists testimony. Obviously you are the people that are called upon at that first instance to respond. I appreciate your commitment very much.

Thank you very much, Mr. Chairman.

Mr. BORSKI. You are very welcome, sir.

The gentleman from Ohio, Mr. Applegate.

Mr. APPLEGATE. Thank you very much, Mr. Chairman.

I just want to say that I think that the message is very, very clear as to what these gentlemen have brought before the committee. As you can see, these are not money-grabbing local politicians. They are people that represent—and in the case of my area—an economically depressed area, but an area that abounds with very proud resilient people. We always like to look at Ohio Valley people that way, people who are able to bounce back. But what they are looking for, even though they can do that and have been able to time after time, they just want the Federal Government to come forth with what it is that they have promised them.

I think that to a man here, they have stated that the people, the staff, FEMA themselves, the program basically is real good, and they came in, did the work, and they helped. There wasn't any question about that. But the rules within which they have to work are inadequate. I think that you could bring in panelists from all over the United States who deal with FEMA, who have had disasters, and they would say the same thing. They need some changes.

We're not living 10, 20, or 30 years ago. We are living today, and the disasters bring on greater hardships. The needs of the people have to be met, particularly in areas such as we live.

So I commend them for taking their time, their very valuable time, to come over here and testify before the committee. I think it's important that we have that kind of input from local people. Hopefully, with your wisdom—yours and that of the panel—that you'll be able to come forth with some recommendations and suggestions to make it a better program.

Mr. BORSKI. I thank the gentleman.

Are there any other questions of the panel?

[No response.]

Mr. Borski. If not, the chair wishes to thank the panel very much for sharing with us your experiences in disaster relief. I would like to mention that this is the United States of America and we are all in this together. When these kind of disasters hit, the burden should not just fall on that local community, but on all of us.

So we thank you very much for your contribution.

[Mr. Hauer's prepared statement appears on page 126.]

[Mr. Stitt's prepared statement appears on page 255.]

[Mr. Hepe's prepared statement appears on page 134.]

[Mr. Coffland's prepared statement appears on page 123.]

Mr. Borski. Our next witness is Mr. John M. Ols, Jr., director of housing and community development issues for the General Accounting Office. Accompanying Mr. Ols are Mr. Charles B. Hessler, evaluator in charge, Resources, Community and Economic Development Division; Ms. Maria B. Bauer, evaluator, Atlanta Regional Office; Mr. Donald J. Porteous, evaluator, San Francisco Regional Office; and Mr. Thomas A. Repasch, Jr., evaluator, New York Regional Office.

[Witnesses sworn.]

TESTIMONY OF JOHN M. OLS, JR., DIRECTOR, HOUSING AND COMMUNITY DEVELOPMENT ISSUES, RESOURCES, COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY CHARLES B. HESSLER, EVALUATOR IN CHARGE, RESOURCES, COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION; MARIA B. BAUER, EVALUATOR, ATLANTA REGIONAL OFFICE; DONALD J. PORTEOUS, EVALUATOR, SAN FRANCISCO REGIONAL OFFICE; AND THOMAS A. REPASCH, JR., EVALUATOR, NEW YORK REGIONAL OFFICE

Mr. Ols. Before I begin, Mr. Chairman, to my left is Maria Bauer. She is sitting in for Jesse Flowers. She did the work in Atlanta. As one of the Congressmen mentioned earlier, we also like to have the people that were there on the scene and saw what was going on. I personally flew over South Carolina by helicopter to look at the damage. We had people in the Virgin Islands and Puerto Rico.

To my far left is Don Porteous, who did the work in California. To my immediate right is Charles Hessler, who did the work here in Washington and is on my staff. To my far right is Tom Repasch, who did our work down in the Virgin Islands and Puerto Rico. So, therefore, we will be able to answer any specific questions that you or the members of the committee might have.

What I would like to do is just summarize my statement and have my detailed statement made a part of the record, if that would be all right.

Mr. Borski. Without objection, so ordered.

Mr. Ols. Before I summarize, I'd like to compliment all the witnesses that I have sat here and heard this morning. A year ago—I think it was May 1st a year ago—I was before this committee and we heard a lot of complaints about what FEMA did or didn't do and what responses they made. As we went out and did our work, we found some things they did very well, we found some areas needing improvement, but you heard the witnesses saying today that they were all pleased with the assistance they got.

I think, as you said, Mr. Chairman, in a disaster, we are all one team trying to make the disaster victims as comfortable as we can and resolve their problems. It doesn't mean that there aren't ways that we need to improve. But I think that was a very compelling point to bring out as it relates to FEMA and what it has done.

Basically, our report dealt with the two major disasters that hit in September and October of 1989, Hurricane Hugo and the Loma Prieta earthquake. What I would like to do is just summarize the report that we issued in March and bring to your attention some of the things that we think need to be fixed and need to be changed.

In summary, the severity of these nearly simultaneous events highlighted problem areas in three phases of disaster management: Preparedness; immediate response; and recovery. These problem areas need Federal, State, and local agencies' attention to help improve capabilities to respond to future disasters.

Preparedness is the most critical aspect of emergency management. I believe we have heard that this morning. In one article I saw by a gentleman in Ohio dealing with flood, he said, "I will tell you to remember two words that the Boy Scouts always used and that is 'Be prepared'. I think that came out very loud and clear, whether it be training, evacuation techniques, or other activities, that is one way to help prevent future problems.

It affects State and local governments' ability to respond to citizens' needs immediately after a disaster as well as during the longer-term recovery. State and local governments have primary responsibility to prepare for and respond to a disaster. FEMA only has the authority to guide, not direct, State and local governments in their preparedness plans and activities.

In the preparedness phase, we identified weaknesses in State and local programs, as well as in FEMA's assistance and overall guidelines. These problems included inadequate planning and training for the recovery phase, little participation by local elected officials in training and exercises, inadequate or no standard operating procedures for response and recovery activities, failure to correct problems that State and local agencies themselves had identified during earlier exercises, and inadequate coordination between several Federal agencies.

In the response phase, local, State, Federal, and voluntary agencies served victims' immediate needs by providing food, shelter, and emergency power. Inefficiencies in this phase resulted from staffing and coordination difficulties between agencies at all levels. In general, FEMA carried out its responsibilities to supplement State and local governments' efforts, but not necessarily as efficiently as possible.

It dispatched staff promptly to disasters, and FEMA officials provided technical assistance to North and South Carolina before the hurricane struck. State officials in the five States told us that FEMA promptly satisfied nearly all State requests for essential items.

In addition, 80 percent of the 121 local emergency management officials we surveyed said that no requested assistance for essential items was delayed long enough to hinder their ability to respond effectively.

However, staffing and coordination problems, particularly for FEMA, meant that the immediate response was not as efficient as it could have been. FEMA did not have enough trained staff to deal with the scope of the devastation Hurricane Hugo caused, and this staffing shortage was compounded one month later when the earthquake struck.

FEMA had to use staff not trained in disaster assistance and had to rely heavily on its force of reservists and local hires. State and local agencies also experienced staffing shortages.

In addition, because responding Federal agencies did not always clearly understand how to manage their overlapping responsibilities, some efforts were unnecessarily duplicated. For example, FEMA and the Soil Conservation Service did not coordinate debris removal efforts in South Carolina, which created potential health and safety hazards for months after the hurricane.

During the recovery phase, Federal assistance, such as grants and loans, may be provided to repair homes and public facilities. During this phase, State and Federal agencies, including FEMA, did not manage their activities as efficiently as possible.

Three areas—program administration, coordination among Federal agencies, and provision of housing for low income disaster victims—need improvement to help ensure that future disaster recovery efforts are handled more efficiently and effectively. Assistance was delayed and duplicative payments were made for certain activities. Events in the recovery phase also indicate that FEMA's role in responding to disaster-related long-term housing needs is unclear.

Overall, FEMA fulfilled many aspects of its basic mission of supplementing State and local efforts. The severity of these disasters, however, highlighted the need for improvement in disaster management at various levels of Government. In this regard, officials of Federal, State, local, and voluntary relief agencies have identified numerous areas needing improvement, such as emergency communications and staffing. Many agencies have already implemented, or plan to implement, corrective measures.

To help ensure that local, State, and Federal agencies are better prepared to respond to disasters, we recommended that the director of FEMA improve disaster-related administration, training, and coordination activities. We also recommended that the Congress either clarify the portions of the Stafford Act concerning HUD's role in providing housing assistance for disaster victims or amend housing legislation to provide appropriations to HUD for disaster assistance.

I might note that the Cranston/Gonzalez National Affordable Housing Act of 1990 partially addresses those concerns.

We also believe that the Congress may wish to consider providing FEMA with authority to act as a first response agency, where such assistance is warranted and requested. I would emphasize the word requested. As Mr. Myers pointed out, some State and local officials would prefer that they handle their own situation. Authority for FEMA to institute various approaches that provide permanent rather than temporary housing to disaster victims should be available only where special circumstances make it impracticable to provide temporary housing.

In closing, I would like to mention two other items. First, we are in the process of evaluating certain recovery phase issues in California, which as of today have not been resolved by FEMA. Second, we are looking into several questions concerning FEMA's funds for public assistance projects. As of May 2, 1991, $101 million remained in the disaster assistance fund that pays for public assistance, individual assistance, and related programs.

This is not nearly enough to fund the projects that are awaiting payment, let alone funding for any new disasters that may occur during the balance of the fiscal year. I believe as of May of this year, they have had something like 25 disasters this fiscal year. Last year, I think they had a total of 35. So we are running ahead of the number of disasters that occurred last year.

FEMA has taken several steps to address its budgetary problems. It has pulled back from its regional offices the authority to obligate funds, and has established a first-in, first-out list of approved projects to be funded when and if funds become available. Also, it is considering ways to improve the quality of data on funding needed to pay for public assistance projects.

I think the overriding issue is that we have to meet needs. It's a question of who is going to pay the bill and who is going to pay the people that are assisting the victims. That is not, by any means, Mr. Chairman, an easy question to answer.

That concludes my summary. We will be glad to answer any questions that you or members of the committee might have.

Mr. BORSKI. Thank you, Mr. Ols. Thank you very much for your testimony and for your report and for the fine work that GAO is doing and has done in this issue.

My first question is: Should the Federal Government take a more active role in ensuring that States and local communities are better trained and prepared for disasters? If so, how?

Mr. OLS. As we mentioned in our report, and as I have mentioned in my summary, that is one of the problems that we have pointed out and is a dilemma. I think they should do more. I think some of the witnesses talked about a more active role as a participant rather than just an observer. But I think in fact that is the separation of Federal Government and the State government as far as who is in control. I'm not quite sure how best to do that. Maybe through the videos that one witness suggested or more training materials. Maybe we could assist that way rather than taking over responsibility for their training.

But I do believe one of the controlling factors that they have is that they can withdraw training funds. But that would just cut off your nose to spite your face, so to speak, and it would not in fact work.

I guess I relate it to what GAO does. We can recommend things on agencies implementing certain procedures. We have no force or power to make that work. Only the Congress can enforce that those actions be taken. I think that's the dilemma FEMA faces. I'm not quite sure I can give you a solution.

Mr. **Borski**. In your work, did you find that some States perhaps did a better job than others?

Mr. **Ols**. Yes, we did. In both California and North Carolina they were much better prepared, and that's why I emphasized the preparedness idea. They were much better prepared. California actually held an exercise I believe in August and the earthquake hit in October. As I heard this morning, North Carolina held a training exercise three months before Hurricane Hugo hit. So it shows the benefits of those activities.

The one thing I want to mention about South Carolina is that they did a super job of evacuating people. They were prepared to get people out of there, and they did. That saved a lot of lives.

Mr. **Borski**. Would you care to tell the subcommittee if there are those that have done a lesser job, or perhaps at the bottom end of the scale?

Mr. **Ols**. From the opposite end of California, which was probably more prepared to handle the response, the Virgin Islands totally broke down. We point that out in our report. One of the problems I should emphasize, though, is that unlike the hurricane that hit in South Carolina and went on up through the central part of South Carolina and up into North Carolina, that hurricane hovered over the Virgin Islands for roughly 12 hours, which really knocked out everything that was existing, if you will, over in St. Croix. I think that was a contributing factor.

Mr. **Borski**. Would you make recommendations to this State as to how they could better their preparation and training for disasters?

Mr. **Ols**. Yes. As a matter of fact, we can't, as GAO, make recommendations to them to implement certain things. We don't have the authority to do that. However, with each report that we sent out to the Governors and the emergency management directors that we sent our reports to, we emphasized things that had to be done in each of the individual States that they need to correct themselves. Even though we couldn't recommend, we made those very strong suggestions.

Mr. **Borski**. Again, it's in your view that we would be better off if the Federal Government set certain guidelines for all the States?

Mr. **Ols**. Yes, I believe so.

Mr. **Borski**. Could you explain how eligible created resources would work to provide permanent rather than temporary housing to disaster victims?

Mr. **Ols**. I might let Mr. Hessler answer that one.

Mr. **Hessler**. As I understand the eligible created resources program, this is an approach to providing housing that has been used in the Pacific territories, Puerto Rico, and the Virgin Islands. It was not new with Hurricane Hugo. It had been used previously.

Under this approach, FEMA provides grants to the individual disaster victims where they construct their own housing. It then becomes permanent housing that is owned by the disaster victim. It is not owned by a local public housing authority or any intermediary.

Mr. **Borski**. Is providing low income housing in post-disaster areas a good solution?

Mr. **Hessler**. Are you speaking of permanent housing?

This is a dilemma that FEMA is faced with. The question is: What is the most prudent way to spend the taxpayer's dollar? While this approach might not be in conformance with the explicit requirements of the Stafford Act, as we stated in the report, we're not sure that it doesn't make sense to give FEMA the flexibility to do something similar to the ECR program because it provides low income, affordable housing to disaster victims who, in many cases, had very marginal housing to begin with.

For instance, how do you treat fairly a victim in the Virgin Islands or Puerto Rico, for instance, that had very modest housing, perhaps no running water? What you do is you give them a very modest home, and it tends to be permanent housing.

What we would ask the Congress to do is to take a look at it and see if the Stafford Act shouldn't be clarified to see whether this approach should be approved.

Mr. **Borski**. Has GAO looked into FEMA's budget crisis?

Mr. **Ols**. We are in the process of doing that now. We have a request from a Senate committee to look at various issues dealing with what is happening with the budget and how best to bring forward the needs and what is the magnitude of the costs that we need to fund.

Mr. **Borski**. You don't have any preliminary findings at this point?

Mr. **Ols**. Not at this time. We have just started that in the last week.

Mr. **Borski**. Has GAO ever looked at similar financial management problems in other agencies?

Mr. **Ols**. I'm sure we have. I guess I'm at a loss to point out one specifically, but I will be glad to provide that for the record.

[The following was received from Mr. Ols:]

On April 4, 1991, GAO issued a report, entitled *Budget Issues: Funding Alternatives for Fire-Fighting Activities at USDA and Interior*, GAO/AFMD-91-45. The Chairmen and Ranking Minority Members of the Senate Committees on Appropriations and the Budget asked us for information on the budgetary treatment of fire-fighting activities by the Department of Agriculture (UDSA) and the Department of Interior. We were asked to develop alternatives to the current method of funding fire-fighting activities that would (1) ensure reliable funding for unpredictable emergency fire-fighting activities, (2) not disrupt other programs, and (3) fund fire costs that can be anticipated in regular appropriations bills. We were also asked to evaluate alternative budget approaches for funding both emergency and non-emergency fire-fighting activities at both agencies.

We concluded that there are alternatives to current funding methods that are preferable. We constructed four alternative methods to the present method of treating fire-fighting needs in the budget.

Mr. **Borski**. I yield to Mr. Packard.

Mr. **Packard**. Thank you, Mr. Chairman.

Mr. Ols, have you received a response back from FEMA on your March 1991 report?

Mr. **Ols**. We have not received a direct response. There was a response sent to Senator Glenn of the Senate Governmental Affairs Committee, which is the 60 day response that is required. We have looked at a copy of that, and their response was that they agreed with almost all the recommendations that we made—some are further along in being implemented than other ones are.

Mr. **Packard**. So FEMA has not had the time—do they also have 60 days to respond?

Mr. **Ols**. They did. That's who responded. FEMA responded to the Senator.

Mr. **Packard**. Have you detected any movement or changes or improvements as a result of your report?

Mr. **Ols**. Charlie.

Mr. **Hessler**. Yes, we have. We went through the recommendations that were made to FEMA, and we felt that FEMA has taken steps to be responsive to each one of the recommendations that was addressed to its director.

Mr. **Packard**. Maybe this question then can be reserved for FEMA.

Joe Myers from NEMA earlier testified that FEMA's hazard mitigation program is administratively cumbersome and that its eligibility requirements are arbitrary. Did you evaluate that in your study? I believe you did, did you not?

Mr. **Ols**. No, we did not.

Mr. **Packard**. I guess what I should have said is that I understand you are planning to do a study on that. Is that correct?

Mr. **Porteous**. Yes, in California we are doing a follow-on study to our report looking at delays and disputes primarily involving the public assistance program, but also including the hazard mitigation program. These are issues that we are looking at.

Mr. **Packard**. In my questioning of the panel from the local governments of Ohio and Indiana, I asked them about assessing and evaluating after a disaster and doing what they can to prepare. I have to assume we're doing the same at the Federal level, that we're evaluating after each disaster what recommendations could be made at the local, State, and certainly here at our Federal agencies to better plan.

I was out at the disaster in California within hours after it happened. I watched the emergency teams working together, and it was phenomenal. I was absolutely impressed with the coordination from one agency to another at the Federal, State, and local levels. That goes a long way to mitigate some of the terrible problems in a disaster. I'm wondering if we're evaluating what we can do in terms training, in terms of education, and assisting in developing emergency management planning techniques.

Mr. **Porteous**. Let me speak specifically about hazard mitigation. There is a requirement in FEMA regulations that FEMA—jointly with the State involved—do a hazard mitigation report in the days immediately following a disaster. In California, they didn't meet the strict time deadlines, and there is some concern that perhaps it's a more productive report if you do have a little bit longer time to study what hazards do need to be mitigated. But that hazard mitigation report was produced and it has served as a basis or a guideline for prioritizing the hazard mitigation requests that will be funded under the section 404 hazard mitigation program.

Mr. **Packard**. The representatives from the local jurisdictions also expressed concerns about insurance and how to deal with that. That becomes a difficult issue in terms of regulation, to what extent regulatory measures ought to be taken. Do you have any response to that?

Mr. **Ols**. We haven't looked at that directly. We did issue a report over a year ago on flood insurance, and I heard some interesting comments come out because one of the things that we found—I believe it was in Maine and Texas—was that some people owned their own homes and therefore didn't carry insurance. They had already paid off the mortgages. We heard that others would get insurance to get the loan and start the loan process, but then not continue the premiums and decide to take the risk. Therefore, they would be left without insurance.

[The following was received from Mr. Ols:]

According to FEMA's Federal Insurance Administration (FIA), there were about 11 million properties in special flood hazard areas. These properties are required to carry flood insurance if they are secured by a federally regulated or insured loan, pursuant to the Flood Disaster Protection Act of 1973, as amended. FIA estimated that 1.4 million policies were in force in such areas and concluded that the small number of policies indicates substantial noncompliance with the flood insurance requirement. In contrast, agencies that regulate financial institutions, such as the Federal Deposit Insurance Corporation and the Federal Reserve System, reported that noncompliance was not a major problem.

We obtained information on all personal residence properties in flood hazard areas for which disaster assistance was requested for a 1987 flood in Maine and a 1989 flood in Texas.

For Maine, we obtained and analyzed information for 600 properties. We found that 453 (76 percent) were not required to be covered by flood insurance. Of these 453, 363 properties (80 percent) were not covered because they had no mortgage. Of the 147 that were required to be covered, 114 (78 percent) were covered; 33 (22 percent) were not.

For Texas, we obtained and analyzed information for 271 properties. We found that 228 (84 percent) were not required to be covered by flood insurance. Of these 228, 184 properties (81 percent) were not covered because they had a mortgage from an unregulated lender. Of the 43 that were required to be covered, 9 (21 percent) were covered; 34 (79 percent) were not.

In addition to not being required for the reasons cited above, flood insurance is also not required for properties in a flood hazard areas of a community that does not participate in the National Flood Insurance Program or properties that have mortgages that predate the flood insurance legislation.

Lenders cited various reasons why properties were not insured as required, including the following: (1) the properties were identified in flood hazard areas, but this fact was inadvertently overlooked, so the lenders did not require flood insurance; (2) the properties were incorrectly classified as not being in flood hazard areas, or were not classified at all, and therefore the insurance was not required, and (3) policies lapsed on properties that originally were covered by the required flood insurance when the loan was made.

For more information, see the August 22, 1990, GAO report, entitled *Flood Insurance: Information on the Mandatory Purchase Requirement* (GAO/RCED-90-141FS).

Mr. Ols. So there are problems out there on how you would enforce coverage, even in the flood insurance area. I think some of the witnesses were talking about just insurance companies paying for damage that's done other than by flooding, to a "wall of water" that just breaks loose. We haven't looked at that specifically. All we have done is to look at the flood insurance program.

Mr. Packard. I have one last question, Mr. Chairman.

The experiences that we have been having the last 2 or 3 years seems to be radically increased in terms of numbers of disasters. Will you be making recommendations in terms of projections and funding formulas for the future?

Mr. Ols. At this time, I don't know if we will be making recommendations. I think we would have to look at all the information that we are able to pull together and see if there is some logical way to determine what the future cost might be. That's a very difficult thing to do.

Mr. **Packard**. And at the same time, we're realizing severe shortfalls. You can't lay that totally on not receiving their funds, although that has been a problem. We also recognize an increase number of disasters and the size of the disasters. Certainly Hugo and Loma Prieta required significantly more funds than what the normal formula would have called for, I have to assume.

Mr. **Ols**. That's right.

Mr. **Packard**. So is there a better formula? Is there a better way to evaluate and to project and thus to fund?

Mr. **Ols**. I think we will be looking at that as we analyze the budget problem and the cost involved.

Mr. **Packard**. Thank you very much, Mr. Chairman.

Mr. **Borski**. I thank the gentleman.

The gentleman from California, Mr. Anderson.

Mr. **Anderson**. I have no questions, Mr. Chairman.

Mr. **Borski**. The gentleman from Tennessee.

Mr. **Duncan**. Thank you, Mr. Chairman.

Mr. Ols and other members of the panel, I know you have studied FEMA and have become experts on FEMA. What year was FEMA first started?

Mr. **Hessler**. My understanding is that it was in 1979.

Mr. **Duncan**. Up until that time, the costs for natural disasters were handled primarily by private relief agencies like the Red Cross and other similar organizations as well as State and local governments. Is that correct?

Mr. **Hessler**. I can't speak to that. I'm not sure how.

Mr. **Duncan**. Was there an agency such as FEMA under some other name prior to that time?

Mr. **Ols**. I believe there was. I can't give you the name, but that was one of the things that FEMA did, was to consolidate all the emergency services into one location. I think they were spread out throughout many aspects of the Government, either independent agencies or so forth, at least as far as I recall.

[The following was received from Mr. **Ols**:]

FEMA began operations on April 1, 1979. Its components include the Federal Disaster Assistance Administration and Federal Insurance Administration (both from the Department of Housing and Urban Development), the U.S. Fire Administration (from the Department of Commerce), the Federal Preparedness Agency (from the General Services Administration), and the Defense Civil Preparedness Agency. For more information on FEMA's development, see GAO's January 6, 1983, report, entitled *Management Of The Federal Emergency Management Agency—A System Being Developed*, GAO/GGD-83-9, especially chapter 2.

Mr. **Duncan**. Well, that raises another question. In the appendix one of your report, it says, "source, FEMA", they list 21 or 22 different agencies that may respond to major disasters. Do you think that—is there still quite a bit of overlapping activity since FEMA has come into existence?

Mr. **Ols**. I guess I would respond that FEMA's role is to coordinate all those agencies to bring to bear whatever one might be able to meet the need of the local community. I don't think FEMA, in its own operation, does certain things. It brings the resources to bear that are needed, the same way I believe the gentleman from Indiana mentioned that he at the State level waits until the county asks them to help. I see that role as being the same as FEMA would do.

We didn't look at duplication, but I know that's how they draw on these resources. Like the Corps, FEMA doesn't have an operation that allows them to go in and do what the Corps of Engineers does. That's who comes in and does it for them.

Mr. DUNCAN. Can any of you tell me what is the percentage of the costs that are borne in these natural disasters now, the percentage that would be handled by private relief agencies, such as the Red Cross, and the percentage by the State and local governments, and the percentage by the Federal Government?

Mr. OLS. I don't have a figure on that. FEMA might when they come up. I know that there was talk this morning about the 75/25 allocation, which is basically the way some of the costs are shared between the State and the Federal governments.

Mr. DUNCAN. But you don't have any idea how much the private relief agencies and the private sector——

Mr. OLS. No, I don't have that.

Mr. DUNCAN. One of your recommendations is that FEMA become a first responder rather than just supervising or assisting the State and local agencies. Wouldn't that lead to great increases in the cost of natural disaster relief work?

Mr. OLS. Yes, that would. But the reason why that is needed——

Mr. DUNCAN. Do you have any idea of how much of an increase in cost?

Mr. OLS. What we were talking about there is possibly having a strike force team, as we would envision it, that would be available to go in and immediately get the situation under control either in a State or in a local community.

Mr. DUNCAN. But here you are making what is one of your key recommendations, and you have no idea as to what it would cost?

Mr. OLS. I do not have a dollar figure, no.

Mr. DUNCAN. You mention the increase in the number of natural disasters. There are many experts now that have been taking note of the free market for Government funds, the fact that there is a great deal of competition to get the Federal dollar and that most Federal dollars are going to those that are the most well-prepared, or the squeaky wheel gets the grease, so to speak. I'm wondering if you've given any thought to the fact that more State and local governments are coming to the Federal Government for assistance when natural calamities take place just because they know the funds are there, and that there is money available.

Have you given any consideration to the fact that some things are declared natural disasters now that might not have been a few years ago?

Mr. OLS. I personally can't respond to any of those allegations. I would say that we plan to look at the budget and the budget problems, and some of those issues, but to my knowledge, there is a criterion for determining whether a catastrophe cannot be handled by the State and local community. I don't believe it is based only on the dollar figures that are involved, and if it is it shouldn't be.

Mr. DUNCAN. A disaster such as Hurricane Hugo was far larger than any we've had before. Is that correct?

Mr. OLS. I believe it was.

Mr. HESSLER. It's comparable to Hurricane Agnes. That's the other one that was a mega event.

Mr. DUNCAN. Do you think it makes good sense to base Federal budget decisions on mega disasters as opposed to what is ordinary or likely to happen?

Mr. OLS. I would go with the ordinary and what would more likely happen. You would have be prepared for the major outliers, if you will, that are not usual. You wouldn't base your budget on that. You would have to meet that through a supplemental, for example.

Mr. DUNCAN. So you're not saying that we should give huge amounts to FEMA and then hope that they return money to the treasury if the disasters don't equal the bad year, so to speak.

Mr. OLS. No, not at this time. Really, that's one thing that we're going to look at. I think we would have to consider the exact question you just proposed to us. How much effect would two major disasters, such as the earthquake, affect what one might ask for?

Mr. DUNCAN. Has FEMA returned money to the treasury in any year that you have studied?

Mr. HESSLER. My understanding is that the President's disaster relief fund is no year money. The money just remains in it and is used the next year so you wouldn't have an end of the year return to the treasury.

Mr. DUNCAN. Thank you very much.

Mr. BORSKI. Who declares a national disaster?

Mr. OLS. The President.

Mr. BORSKI. So the State can't just say, "We're going to go after this pool of Federal dollars," in and of themselves.

Mr. OLS. They make a request to FEMA.

Mr. BORSKI. But the President of the United States has to certify that this is a natural disaster.

Mr. OLS. That's right.

Mr. BORSKI. Could you tell me why in your recommendation the Congress should consider providing FEMA with the authority to act as a first response agency? Why would that cost the treasury more money?

Mr. OLS. Well, they would have to have a team that would be able to go in there and immediately take control. Right now, it would be State and local government, either through the National Guard or through its local police force, that would be the ones in control. So they would have to have a team that could go in right immediately when a disaster hit where States and localities couldn't handle the situation.

Normally, a disaster declaration takes somewhere around 7 days. The earthquake and hurricane were two unique ones that were declared almost immediately and FEMA went on in. They can provide technical assistance without having a team in there.

That's why I don't have a dollar figure. I don't think it would be extreme, but you would have to have some kind of capability to send in a team to do that.

Mr. BORSKI. Wouldn't it be possible to save money in the long run if we had a first response agency team in there ready to react right away?

Mr. OLS. It's possible. Anything is possible. I'm not sure.

[Laughter.]

I don't know if there would be or not.

Mr. Borski. I'm just curious.

Mr. Ols. What we were concerned with was trying to get control of a situation that was out of control and if the State or locals could not handle that. I guess we weren't concerned and weren't thinking about the dollar cost. We were more concerned about getting the systems, the infrastructure, up and running to meet the needs of the victims. That's what we were looking at.

Mr. Borski. I was more curious to your response to Mr. Duncan's question. Maybe I caught you off guard, but I don't know that it would automatically cost more money.

Mr. Ols. That's true. I envision that it would cost some more money. The magnitude of that dollar amount, I guess I really can't say.

Mr. Duncan. Mr. Chairman, if you're going to call for a greatly increased Federal role in anything, it's going to cost more money. Common sense would tell you that. I just asked if there had been any estimate as to what the increase would be.

Mr. Borski. I guess my follow-up question is: Why would that be any different than the system that currently exists, other than we may be acting quicker to help in an emergency situation? Why would it automatically cost more money?

Mr. Ols. I would think you would have to have FEMA going in and doing certain other things. They would actually take control where now they work with the States.

Mr. Borski. So that in and of itself could cost money?

Mr. Ols. Yes.

Mr. Borski. The hiring of staff, the people——

Mr. Ols. The right people, the experts to go in and take over and direct everything. Right now, they just coordinate and it's really the State governments that are operating, like the emergency management people that were here talking.

Mr. Borski. Mr. Myers has suggested that he doesn't think it's necessary to do that anyway, but in your report, you're particularly pointing out instances in the Virgin Islands.

Mr. Ols. Yes.

Mr. Borski. I asked him—and I would like to ask you the same thing—should we have two different sets of rules for the States and for the territories?

Mr. Ols. No. And that was one reason I emphasized that FEMA be the first responder only when requested by the States to come in. In other words, only when they realize that they don't have the capability to do it.

Mr. Borski. What would FEMA need to do now to have a supplemental appropriation approved? Do you know?

Mr. Ols. They probably could answer that better than I could.

Mr. Borski. Again, I'm just following up from a previous question from Mr. Duncan. If FEMA doesn't have enough money to assist and pay for the programs that the Federal Government said, they must ask for a supplemental. That amount of money has to be taken from some other program, which makes their job very difficult in trying to get a supplemental through.

Mr. Ols. That's right.

Mr. **Borski**. It seems to me that we might be better off if there is a way—and perhaps you'll be able to assist us with that later—for FEMA to better project what the costs in a year might be.

Mr. **Ols**. That's right. Under the new budget requirements, that's exactly what would have to happen. It would have to be taken out of some other program, at least to my understanding.

Mr. **Borski**. Are there other questions of this panel?

[No response.]

Mr. **Borski**. Thank you all very much.

[Mr. Ols' prepared statement appears on page 144.]

Mr. **Borski**. Before we continue, I would like to introduce into the record at this point, statements that have been received from Representatives Louise Slaughter of New York, Nancy Pelosi of California, and Frank McCloskey of Indiana.

[Statements referred to follow:]

STATEMENT OF HON. LOUISE M. SLAUGHTER, A REPRESENTATIVE IN CONGRESS FROM NEW YORK

Mr. Chairman, I want to thank you and the Subcommittee for allowing me to submit this testimony. Today I would like to address an emergency situation that exists not only in upstate New York but also in numerous other states across the country.

Since the start of the current fiscal year in October, 26 national disasters have occurred.

Floods have devastated ten states including Alabama, Arizona, Georgia, Kentucky, Maine, Mississippi, South Carolina, Tennessee, Texas and Washington. Ice storms have caused immense damage in Indiana and in my own Congressional District in New York. Tornadoes have hit Kansas, Louisiana and Oklahoma. A winter freeze has caused millions of dollars in damages in California.

Some states like Georgia, Mississippi and Washington have experienced two separate national disasters during the past seven months, and one state, Indiana, has had three.

This fiscal year the rate of declared national disasters is twice the annual average. The federal government normally handles 23 major disaster declarations per year averaging $12 million each. So far this fiscal year the 26 disasters which the President has declared already have resulted in a commitment of $236 million in federal disaster relief.

The federal government in each of these disasters has promised to help local governments pay for the huge cleanup costs and enable residents in these devastated communities to return to a normal life.

But recently the Federal Emergency Management Agency has announced that it does not have sufficient funds to fulfill its promise to provide disaster relief. FEMA has said communities must wait for funds until October, when the next fiscal year begins.

We, of upstate New York, have been particularly hard hit by this unexpected shortfall in FEMA funds. Of the 26 most recent national disasters, the one that has caused the most physical damage -- and the biggest financial burden for local governments -- is the ice storm that devastated 13 counties of upstate New York on the night of March 3.

For the record, I would like to submit a recent listing by FEMA of the 26 national disasters and the estimated obligations from the President's Disaster Relief Fund. As you will see the New York ice storm is the costliest disaster listed.

Ironically, our region, which has the largest need for FEMA funds, may receive less than one percent of the anticipated federal share during the current fiscal year because of the FEMA funding shortage. FEMA officials informed my office yesterday that they expect to approve over $41 million in federal public assistance for upstate New York, but that they will distribute only $130,000 of this amount until dire emergency funding is approved by the President.

Forcing our communities in upstate New York to wait until this fall for the remaining 99 percent of federal aid is unfair and unnecessary. It ignores the real economic crisis that many communities now face as a result of the FEMA shortfall.

Mr. Chairman, the damage caused by this ice storm is of historic proportions. Indeed, no act of nature in recent memory has caused so much damage or personal hardship in our region. More than 350,000 households lost electric power, many for longer than two weeks. In addition, thousands of home owners, small businesses and farmers suffered property damage totalling in the tens of millions of dollars.

But as bad as these losses were, the Great Ice Storm of '91 was a natural as well as an economic disaster. In a single night we witnessed the wholesale destruction of our historic landscape.

No neighborhood street in the city escaped the devastation of this ice-storm. Tens of thousands of healthy, bountiful trees -- which required generations to grow -- were killed within a few short hours. In the City of Rochester alone, it is estimated that at least 30,000 trees have been lost. In historic Highland Park, designed by pioneer landscape architect Frederick Law Olmsted, 40 percent of our trees have been destroyed or seriously damaged. The park's world renown arboretum literally lies in ruins.

Local governments and non-profit agencies in the 13 counties are expected to spend $55 million in cleanup costs. Of this amount, FEMA expects to pay $41 million. The loss of this funding will have a tremendous impact on financially strapped local governments.

In the Town of Farmington in Ontario County, for example, officials say they cannot afford to make planned road projects or perform needed street repairs because they have been forced to spend $100,000 of their town's annual budget on ice storm cleanup.

My hometown of Perinton already has spent $625,000 in clean up efforts and expects the total to reach $750,000.

In Wheatland, a town of 5,000 people, officials say the town expects to spend $200,000 in cleanup costs but has only $10,000 set aside in its budget for emergencies. Imagine how Wheatland officials felt when they learned they would have to wait until October for federal reimbursements.

The Town of Chili has spent nearly 20 percent of its annual budget on the disaster and needs immediate reimbursement. Officials there have put a freeze on all non-essential purchases and are postponing the purchases of urgently needed vehicles until the funding issue is resolved.

The town of Pittsford, which has spent nearly $300,000 on cleanup efforts, may be forced to cancel its highway and road maintenance for this year and borrow extensively if federal disaster relief funds are not forthcoming.

The Town of Irondequoit was perhaps the hardest hit of municipalities in my district. Many town residents were without power for two weeks and now the town's cleanup bill is expected to hit $2.5 million, which represents nearly 20 percent of the town's annual budget. Officials face the prospect of negotiating huge loans to cover the shortfall.

The City of Rochester estimates its storm damage at $18 million, of which approximately $7 million has already been spent. City leaders estimate that they will have to borrow up to $15 million by the third week of June if federal funds are not allocated. Rochester may also lose several hundred thousand dollars in anticipated interest income if these funds are not replenished soon.

Mr. Chairman, these cities, towns and villages are operating under emergency conditions. They are struggling to do their part to meet the overwhelming clean-up costs attributable to the March 3 storm. But they desperately need our help to get the federal funds to which they are entitled.

Fortunately, Congress has already begun to address the issue. Last week, Congress passed a measure instructing the Office of Management and Budget to report back to Congress within ten days after enactment the status of unfunded dire emergencies caused by national disasters in the United States.

Last week I also wrote OMB Director Richard Darman asking him to designate the shortfall of FEMA funds a dire emergency, which would allow Congress to appropriate these funds immediately.

We have an urgent need for FEMA funding, a need that cannot wait until the next fiscal year. Last March President Bush designated our region a national disaster area. The President made the right decision, a decision based on the enormity of the disaster we experienced.

Now the Administration needs to act again to fulfill the commitment it made in March. It needs to request a dire emergency supplemental bill that will meet the pressing needs of communities in upstate New York and around the country that are struggling to recover from recent disasters.

Any further delay, Mr. Chairman, will create a second disaster for communities that are already reeling from the first one. I look forward to working with you and the Subcommittee to resolve this crisis and to ensure that it cannot occur again.

Thank you.

Presidential-Declared Disasters (FY 91)

October 19, 1990	GA	Storms/floods	$7.1	million*
October 22	SC	Storms/floods	5.2	"
November 26	WA	Storms/floods	22.4	"
November 28	Palau	Typhoon Mike	2.5	"
December 6	AZ	Storms/floods	4.8	"
December 6	IN	Storms/floods	2.6	"
December 14	Micronesia	Typhoon Owen	19.1	"
December 24	Guam	Typhoon Russ	8.5	"
January 3, 1991	MS	Tornadoes/floods	2.2	"
January 4	TN	Storms/floods	5.3	"
January 4	AL	Storms/floods	4.4	"
January 5	IN	Storms/floods	4.2	"
January 17	Micronesia	Typhoon Russ	4.4	"
January 29	KY	Storms/floods	3.2	"
February 11	CA	Winter freeze	17.7	"
March 5	MS	Storms/floods	2.5	"
March 8	WA	Storms/high tides	2.1	"
March 15	GA	Storms/floods	3.5	"
March 21	NY	Ice Storm	53.2	"
March 29	IN	Ice Storm	30.9	"
April 12	TX	Storms/floods	16.5	"
April 19	ME	Ice Jam/floods	11.9	"
April 23	LA	Storms/floods	3.2	"
April 29	KS	Tornadoes	2.1	"
May 3	LA	Tornadoes/floods	2.5	"
May 7	OK	Tornadoes	3.5	"

*Estimated obligations from the President's Disaster Relief Fund

5/13/91

•5/15/91: FEMA has lowered this figure to $41.7 million

STATEMENT OF HON. NANCY PELOSI, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

THANK YOU, MR. CHAIRMAN, FOR THE OPPORTUNITY TO BRIEFLY STATE MY VIEWS ON THE PERFORMANCE OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY IN DELIVERING DISASTER AID TO SAN FRANCISCO FOLLOWING THE LOMA PRIETA EARTHQUAKE OF OCTOBER 17, 1989.

YOU HAVE READ THE MARCH GAO REPORT CRITICIZING THE PACE OF FEMA'S IMMEDIATE DISASTER RESPONSE. SAN FRANCISCO EXPERIENCED MANY OF THE PROBLEMS ENUMERATED IN THE REPORT BUT TO A MUCH LESSER EXTENT. IT APPEARS THAT FEMA LEARNED SOME LESSONS FROM HUGO PRIOR TO THE LOMA PRIETA EARTHQUAKE, WHICH RESULTED IN OUR COMMUNITY WORKING CLOSELY WITH FEMA IN THE IMMEDIATE AFTERMATH OF THE EARTHQUAKE TO FACILITATE DISASTER RELIEF EFFORTS.

FEMA'S DISASTER RELIEF COMPONENT WHICH ADDRESSES LONG-TERM RECOVERY OF A LOCALITY -- NAMELY, THE PUBLIC ASSISTANCE PROGRAM -- REMAINS A SOURCE OF SOME CONTROVERSY BETWEEN SAN FRANCISCO AND FEMA. THE LOMA PRIETA EARTHQUAKE CREATED A SITUATION THAT FEMA HAD NEVER BEFORE ENCOUNTERED, WHERE THERE WAS SUBSTANTIAL DAMAGE TO AN AREA'S INFRASTRUCTURE AND BUILDINGS.

MOST DISAGREEMENT CENTERS ON THE INTERPRETATION OF LONG-STANDING BUILDING CODES IN SAN FRANCISCO WHICH CONTAIN "TRIGGERS" DESIGNED TO REQUIRE SEISMIC UPGRADES FOR DAMAGED STRUCTURES. BECAUSE OF THE AMOUNT AND TYPE OF STRUCTURAL REPAIRS REQUIRED, MANY STRUCTURES, BY CITY CODE, REQUIRE SEISMIC UPGRADES AS A PRECONDITION FOR RECEIVING APPROVAL FOR REPAIRS.

UNFORTUNATELY, THIS HAS CAUSED SERIOUS AND SUBSTANTIAL DELAYS IN GAINING APPROVAL FOR MANY PROJECTS IN SAN FRANCISCO WHICH REQUIRE SEISMIC UPGRADES ACCORDING TO LOCAL BUILDING CODES, AND WHICH ARE CLEARLY AN ELIGIBLE COST ACCORDING TO THE LAWS AND

REGULATIONS GOVERNING FEMA. WHILE THE PROCESS HAS BEEN SLOW, FEMA HAS RECENTLY SHOWN A WILLINGNESS TO MEET WITH LOCAL AUTHORITIES AND PROJECT APPLICANTS TO DISCUSS THE COMPLEXITIES OF THE SAN FRANCISCO BUILDING CODES AND TO DETERMINE SOLUTIONS.

WHILE WE ARE ENCOURAGED BY THESE DEVELOPMENTS, TO DATE, THERE ARE MANY PROJECTS IN SAN FRANCISCO WHICH STILL AWAIT ACTION FROM FEMA REGARDING ELIGIBILITY FOR PUBLIC ASSISTANCE FUNDING. I HAVE ATTACHED A LIST OF THESE PROJECTS TO MY STATEMENT FOR INCLUSION IN THE HEARING RECORD.

THE GENERAL ACCOUNTING OFFICE (GAO) HAS AGREED TO REVIEW SOME OF THE REMAINING PROBLEMS FOR EARTHQUAKE AREAS IN CALIFORNIA, AS A SUPPLEMENT TO THEIR INITIAL MARCH REPORT ON FEMA. I WILL MAKE THEIR FINDINGS AVAILABLE TO THE COMMITTEE WHEN THE REVIEW IS COMPLETED WITHIN THE NEXT 6-8 MONTHS.

THANK YOU FOR THE OPPORTUNITY TO DISCUSS FEMA'S PERFORMANCE IN RESPONDING TO THE LOMA PRIETA EARTHQUAKE.

FRANK McCLOSKEY
8TH DISTRICT, INDIANA

ARMED SERVICES COMMITTEE
PROCUREMENT AND
MILITARY NUCLEAR SYSTEMS
INVESTIGATIONS
DEFENSE POLICY PANEL

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May 15, 1991

The Honorable Robert A. Borski, Chairman
Committee on Public Works and Transportation
Subcommittee on Investigations and Oversight
H2-586 Ford H.O.B.
Washington, D.C. 20515-6259

Dear Mr. Chairman:

I am writing to ask that you include my comments as part of the record on hearings held by the Subcommittee on May 15, 1991 concerning actions taken by the Federal Emergency Management Agency (FEMA) in connection with ongoing recovery efforts stemming from recent major disasters in Indiana. I also am requesting that you include as part of the record the enclosed copies of correspondence on this matter between myself and other relevant parties.

As you well know, Indiana has suffered from an uncanny series of disastrous weather-related catastrophes over the past 10 months. The most recent of these disasters was a severe ice storm in March, which severely damaged -- and in some instances nearly completely destroyed -- the transmission facilities of numerous member-owned rural electric cooperatives in the northern part of the state. Costs associated with cleanup and repair of the damage from the storm could be as high as $45 million.

Due to the magnitude of the damage done to public facilities by the ice storm, Indiana Governor Evan Bayh contacted the President, FEMA, myself and my colleagues in the Indiana Congressional Delegation to urge that FEMA provide more than the usual 75% federal share of public costs for this disaster. The Governor's request was based on both the scale of this most recent disaster and on the net impact the series of catastrophes suffered by Hoosiers over the past ten months has had on the State's ability to pay a portion of public costs.

At a subsequent April 30, 1991 meeting with FEMA Director Wallace Stickney, numerous House members and staff, we were told that FEMA would not pay an increased share of the Indiana disaster because it could not deviate from its $10 per capita formula for determining when the federal share could exceed 75% of public costs. We were also told that, without Congressional approval of supplemental funding, FEMA's 75% share of funding for Indiana would not be available before October 1991.

Mr. Chairman, these circumstances have created an unusual and frankly intolerable situation in my state. If the per capita costs of the damage done to public facilities -- in this instance, the cost of restoring the damaged electric transmission facilities owned by the affect rural electric cooperatives -- is viewed on a county level, indeed a cooperative membership level, the per capita cost is far, far in excess of the $10 per capita on which FEMA's formula for increasing funding is based. Indeed, for members of a rural electric cooperative in Newton County, Indiana, the per capita cost of the damage done is $2,778.

Because FEMA's share of funding for the ice storm damage would not be available for some time, most of the affected rural electric coops have had to borrow the funds necessary to make needed repairs. Further, as Indiana rural electric cooperatives have been banned -- and I believe, very unfairly so -- from participation in the Rural Electric Administration's (REA) since August 1990, these cooperatives have had to obtain loans from private sources, sometimes at interest rates of up to 10.5%.

In addition to these outrageous circumstances faced by certain rural electric cooperative members in my state, it is my understanding that FEMA has not, and in fact may not, make a request of the supplemental funding request which we in the Hoosier Congressional Delegation were led to believe might be requested subsequent to our April 30 meeting with FEMA officials. Without such a request for supplemental funding, which FEMA Director Stickney suggested could be as high as $500 million to $600 million, not only Indiana but also California, South Carolina, and New York could all suffer form this shortfall in funding for FEMA.

Mr. Chairman, I thank you in advance for your acceptance and consideration of the information I am submitting to the Subcommittee for the record in this matter. I would be pleased to work with you and the Subcommittee to do whatever is necessary to correct this situation as quickly as possible.

Sincerely,

Frank McCloskey

Frank McCloskey
Member of Congress

FM/dp

Enclosures (9)

March 26, 1991
    Letter from Indiana Congressional Delegation to the President
April 8
    Letter from Governor Bayh to Congressman McCloskey
April 18
    Letter from Congressman McCloskey to the President
April 18
    Letter from Congressman McCloskey to Goveronor Bayh
April 18
    Letter from Indiana Congressional Delegation to FEMA Director, Wallace Stickney
April 22
    Letter from the Administration to Congressman McCloskey
Undated
    Letter from FEMA to Congressman McCloskey
April 24
    Letter from Governor Bayh to Congressman McCloskey
May 1
    Letter from Indiana Congressional Delegation to the President

Congress of the United States
Washington, DC 20515

March 26, 1991

The Honorable George Bush
President
The White House
Washington, DC 20500

Dear Mr. President:

During the week of March 11, 1991, a severe late winter ice storm hit central Indiana, and as a result, this part of the State has sustained a considerable amount of damage to private and public property. Nearly 100 electrical towers collapsed and hundreds of wooden poles were downed from the weight of the ice. On the third day after the storm, 77,000 people were still without electricity despite the frantic efforts of the utilities to restore power.

On March 21, Governor Evan Bayh declared a disaster in eighteen counties in Indiana. Representatives from the Federal Emergency Management Agency (FEMA) visited the State to assess damage and to formulate a recommendation regarding the declaration of a federal disaster in the eighteen counties where the most severe damage occurred.

Of course, the counties and the State are bearing enormous expense in debris removal, overtime for emergency personnel, opening National Guard Armories, repairing damaged public utilities, and emergency generation of electricty. The heavy equipment used in the clean-up is damaging roads.

Tornadoes and flooding during 1990 in Indiana have already strained the ability of local and state government, as well as private relief agencies, to respond effectively to this new disaster. For that reason, there is a dire need for federal resources to be placed at the disposal of Indiana's citizens.

We are writing, therefore, to urge you to give the Governor's request your expeditious consideration and approval.

Thank you.

Sincerely,

Lee H Hamilton

Lee Hamilton

John Myers

John Myers

Dan Burton

Dan Burton

Peter Visclosky

Jill Long

Jill Long

Phil Sharp

Phil Sharp

Andy Jacobs

Andy Jacobs

Frank McCloskey

Frank McCloskey

Jim Jontz

Jim Jontz

RECEIVED
1991 APR 15 AM 6:09
OFFICE OF FRANK MC CLOSKEY,M.C.

OFFICE OF THE GOVERNOR
INDIANAPOLIS, INDIANA 46204 - 2797

EVAN BAYH
GOVERNOR

April 8, 1991

The Honorable Frank McCloskey
United States Congress
127 Cannon House Office Building
Washington, D.C. 20515-1408

Dear Frank:

I am requesting your aid in dealing with the Federal Emergency Management Agency (FEMA) and its response to the fourth Presidential Disaster Declaration Indiana has experienced during the last ten months. During that time, only five of the 92 counties have escaped disaster designation.

The cost of the disasters has taken its toll on state finances during uncertain economic times. In less than a year, Indiana and the federal government expended over 18 million dollars in assistance. Public Assistance under the Stafford Act in the latest disaster is expected to add an extra 30 million dollars, dwarfing the other declarations.

In my letter to President Bush, requesting the latest disaster declaration, I asked that FEMA be authorized to pay 100 percent of the public costs of this disaster. I believe the unusual series of events that have plagued Indiana during the last year warrants the action to avoid placing an undue burden on Hoosiers.

Unfortunately, FEMA did not agree with the request. As a result, the federal government intends to pay only 75 percent, with non-federal sources paying the rest. I would like to enlist your support to do whatever you can to convince FEMA to reverse its position and fully fund this disaster. Pending this appeal, I have modified the standard State-FEMA agreement to permit the federal government to pick up a higher percentage of the costs, as it did for the Hurricane Hugo disaster in South Carolina, the U.S. Virgin Islands and Puerto Rico; the Mount Saint Helen's eruption; and the Loma Prieta earthquake.

Sincerely,

Evan Bayh

Evan Bayh

EB/LCM/an

FRANK McCLOSKEY
8TH DISTRICT, INDIANA

ARMED SERVICES COMMITTEE
PROCUREMENT AND
MILITARY NUCLEAR SYSTEMS
INVESTIGATIONS
DEFENSE POLICY PANEL

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15 N.E. FOURTH STREET
WASHINGTON, IN 47501-2904
812-254-8646

April 18, 1991

The Honorable George Bush
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

I am writing to urge that you reverse your decision to allow the Federal Emergency Management Agency (FEMA) to pay only seventy-five percent of the public costs associated with the latest disaster declaration in Indiana.

As you may recall, and as was mentioned by Governor Bayh in his recent letter to you regarding this matter, this is the fourth Presidential Declared Disaster to occur in Indiana in the past ten months. Indeed, eighty-seven of Indiana's ninety-two counties have been included in disaster designations during that time period and several counties have been so designated more than once. Further, it is my understanding that the public cost of the latest disaster to befall the Hoosier state is expected to exceed $30 million, far exceeding the public monies already expended as a result of the three previous declarations.

Because this series of disasters has struck Indiana over such a short time period, I appeal to you to approve full funding by FEMA for this latest and largest disaster relief effort. For Indiana to have suffered so over such a short time period is no less a tragedy of national proportion than Hurricane Hugo or the Loma Prieta earthquake, and in each of those instances the Federal government paid more than the usual seventy-five percent share of public costs.

I thank you in advance for reconsidering your earlier decision on this matter.

Sincerely,

Frank McCloskey

Frank McCloskey,
Member of Congress

FM/dp

FRANK McCLOSKEY
8TH DISTRICT, INDIANA

ARMED SERVICES COMMITTEE
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10 N.E. FOURTH STREET
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812-254-8646

April 18, 1991

The Honorable Governor Evan Bayh
Office of the Governor
Indiana State House
Indianapolis, IN 46204-2797

Dear Evan:

At your request I have written President Bush urging that he reconsider his decision to limit the Federal share of the public costs of the recent disaster declaration in Indiana to seventy-five percent, and to instead instruct the Federal Emergency Management Agency to pay the full cost of this latest disaster.

Please find enclosed a copy of my letter to the Administration. I am hopeful that our request will be granted for, as you stated, Indiana has suffered greatly during this recent and unusual spate of disastrous weather-induced calamities.

Thank you for bringing this matter to my attention.

Sincerely,

Frank McCloskey

Frank McCloskey
Member of Congress

FM/dp

PHIL SHARP
2D DISTRICT, INDIANA

2217 RAYBURN HOUSE OFFICE BUILDING
(202) 225-3021

Congress of the United States
House of Representatives
Washington, DC 20515

18 April 1991

Mr. Wallace E. Stickney, Director
Federal Emergency Management Agency
500 "C" Street, S.W.
Washington, D.C. 20472

Dear Mr. Stickney:

From May 1990 to March 1991, in four separate actions, 87 out of the 92 counties in the State of Indiana were declared part of a federal disaster area by the President.

Indiana was hit hard by both tornadoes and repeated flooding in May, June and November 1990, straining the resources of state and local governments as well as private relief agencies. Then, in January 1991, Indiana experienced the worst flooding in 30 years. As many as 4,000 Hoosiers were forced from their homes at that time.

In March of this year, a severe late winter ice storm hit central Indiana, and as a result, very heavy damage was sustained to private and public property. Indiana has estimated that $45,000,000 is needed to cleanup and repair the damage caused by the March storm alone. Nearly 100 electrical towers collapsed and hundreds of wooden poles were downed from the weight of the ice. On the third day after the storm, 77,000 people were still without electricity despite the frantic efforts of the utilities to restore power.

As a result of this remarkable series of natural disasters in the past 11 months, the State of Indiana needs the federal government to assume a larger share of the enormous expense of cleanup and repair. Indiana committed $4,147,000 following the first three disasters and the figure is growing. The March disaster dwarfs the others in the size of damage, however, and for that reason, we are asking that FEMA reconsider its original recommendation to President Bush on the March ice storm and request that 100 percent of the cost of cleanup and repair to public facilities be paid for by the federal government. Doing so will release approximately $11,250,000 in addition to the funds already committed by FEMA and the White House.

Indiana is experiencing severe fiscal difficulties this year and is working hard to meet the demands created by the natural disasters and other budgetary concerns. For all of these reasons, it is imperative that FEMA give expeditious consideration and approval to additional recovery assistance for Indiana.

Thank you.

Sincerely,

Lee Hamilton

Andy Jacobs
Andy Jacobs

Frank McCloskey
Frank McCloskey

Jim Jontz
Jim Jontz

Tim Roemer
Tim Roemer

Phil Sharp
Phil Sharp

Dan Burton
Dan Burton

Peter Visclosky

Jill Long
Jill Long

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THE WHITE HOUSE
WASHINGTON

April 22, 1991

Dear Congressman McCloskey:

President Bush has asked me to thank you for your recent letter urging that the Federal Emergency Management Agency pay the full public costs associated with the latest disaster declaration in Indiana.

We appreciate your keeping us advised in this matter. Please know that your request has been directed to the appropriate officials where it is receiving prompt and careful consideration.

Thank you again for your interest in writing.

With best regards,

Sincerely,

Fred McClure

Frederick D. McClure
Assistant to the President
for Legislative Affairs

The Honorable Frank McCloskey
House of Representatives
Washington, D.C. 20515

Federal Emergency Management Agency
Washington, D.C. 20472

The Honorable Frank McCloskey
U.S. House of Representatives
Washington, DC 20515

Dear Mr. McCloskey:

This is in response to your letter of March 22, 1991, to the President urging approval of Governor Bayh's request that a major disaster be declared for the State of Indiana for damage due to a severe winter storm which occurred during March 12-15, 1991.

At the request of the State, the Federal Emergency Management Agency (FEMA) conducted joint Preliminary Damage Assessments (PDAs) with State and local officials in the affected areas. Based on the PDA findings, Governor Bayh submitted a request for a major disaster declaration on March 21, 1991.

Based on the findings of the PDA teams, President Bush declared a major disaster for the State of Indiana on March 29, 1991. FEMA immediately authorized Public Assistance for the requested counties.

The Public Assistance Program funding is available to eligible State and local governments and certain private, non-profit organizations, on a cost sharing basis, for emergency protective measures, the removal and disposal of debris, and the repair or replacement of public facilities damaged by the severe ice storm.

Since the primary impact on the private sector was from power outages, actual losses to individuals as a result of the disaster were minimal. Additionally, the Disaster Loan Program of the Small Business Administration and the Emergency Loan Program of the Farmers Home Administration have been made available to anyone needing assistance.

I regret any inconvenience this incident has caused the residents of Indiana. However, I am confident that the assistance provided under this disaster declaration will soon result in a quick and complete recovery. If we can provide further information in this matter, please contact FEMA's Office of Congressional Affairs at 646-4500.

Sincerely,

Grant C. Peterson
Associate Director
State and Local Programs
and Support

OFFICE OF THE GOVERNOR
INDIANAPOLIS, INDIANA 46204 - 2797

EVAN BAYH
GOVERNOR

April 24, 1991

The Honorable Frank McCloskey
United States Congress
127 Cannon House Office Building
Washington, D.C. 20515-1408

Dear Frank:

I am writing to enlist your support for our effort to convince the Federal Emergency Management Agency (FEMA) to reverse a decision that is adversely affecting the people of Indiana.

FEMA has decided to delay paying its share for Public Assistance programs until new monies are made available next fiscal year. That could have a devastating effect on the budgets of municipal utilities, Rural Electric Membership Cooperatives, and local governments. They have based their recovery planning from four Presidential Declarations of emergency on the immediate availability of federal money, as is past practice.

FEMA is supported by annual budget allocations from Congress. It now has a balance of about $115 million. FEMA officials have told us they do not want the balance to go below $100 million, so a moratorium was placed on Public Assistance Programs.

FEMA has the authority to request emergency supplemental appropriations to meet disaster requirements but will not at this time. Historically, FEMA has shown no such reluctance. The agency's Public Affairs Office tells us that Congress has made supplemental appropriations 14 times since 1979.

The problems that will be generated by a delay in payments are not limited to one geographic area. Disasters over the last year have hit 95 percent of the state's counties. Any new claims for assistance for any of the disasters will not be covered. Without FEMA's share, not-for-profit utilities and local units of government will be faced with the prospect of borrowing money to meet obligations. According to the association of REMC's, the Newton County REMC may have to pay $40,000 a month in interest, if a loan can be arranged. That works out to $28 a month in additional costs for each customer. Clearly, they cannot afford such an expense.

The Honorable Frank McCloskey
Page 2
April 24, 1991

I urge you, in the strongest possible terms, to contact FEMA and urge the agency to request a supplemental appropriation. I also ask you to support a supplemental appropriation large enough to cover disaster victims' needs when it comes before Congress.

If you have any questions, feel free to contact my Executive Assistant, Les Miller at, 317/232-4566.

Sincerely,

Evan Bayh

Evan Bayh

EB/LCM/kei

Congreſs of the United States
House of Representatives
Washington, DC 20515

May 1, 1991

The Honorable George Bush
President of the United States
White House
1600 Pennsylvania Avenue N.W.
Washington, D.C. 20500

Dear Mr. President:

We are writing to request that you propose an urgent supplemental appropriation for the Federal Emergency Management Agency (FEMA). You have recently declared portions of Indiana a major disaster area due to a severe winter storm which occurred March 12-15, 1991. However, due to the current shortfall in FEMA's disaster relief fund, FEMA is now unable to provide public assistance to reimburse municipal utilities and other public entities for eligible disaster-related expenses. During the past six months alone there have been 24 major disaster declarations nationwide requiring FEMA assistance. This figure represents the average number of disasters FEMA handles over an entire fiscal year.

We have been contacted by mayors, rural electric membership cooperatives (REMCs), and other state and local officials, and they have told us that they simply cannot wait until the new fiscal year to receive public assistance from FEMA. Many of them may be forced to borrow needed funds and thus incur substantial interest costs. Indiana has had four Presidential major disaster declarations since May 1990. The state is in no position to cover the portion of disaster-related costs normally paid for by FEMA.

We are aware, as you are, of the need to restrain federal spending. For this reason we understand reservations you may have about proposing additional supplemental appropriations. However, it is our strong belief that lengthy delays in paying public assistance are inconsistent with the intent of Congress in creating FEMA and PL 93-288, as amended by PL 93-288, the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

Thank you for your consideration of our urgent request.

Sincerely,

Dan Burton

Honorable George Bush
May 1, 1991
Page 2

Dan Coats

Jill Long

Tim Roemer

John Myers

Dick Lugar

Frank McCloskey

Phil Sharp

cc: The Hon. Richard Darman

Mr. Borski. Our final witness today is the Honorable Wallace Stickney, director, Federal Emergency Management Agency. He is accompanied by Mr. Grant C. Peterson, associate director for State and local programs and support directorate.

[Witnesses sworn.]

Mr. Borski. Please be seated.

Mr. Stickney, you may proceed.

TESTIMONY OF HON. WALLACE STICKNEY, DIRECTOR, FEDERAL EMERGENCY MANAGEMENT AGENCY, ACCOMPANIED BY GRANT C. PETERSON, ASSOCIATE DIRECTOR, STATE AND LOCAL PROGRAMS, AND SUPPORT DIRECTORATE

Mr. Stickney. Thank you very much.

Mr. Chairman and members of the committee, we appreciate the opportunity to discuss with you today the disaster relief program of the Federal Emergency Management Agency and the actions we shall recommend for that program. With your help, I believe we can find solutions that will better serve disaster victims and the Federal taxpayer.

I must say that I appreciate hearing today what I believe is to be a thread of understanding of the difficulty of the challenges we all face. I hope you would agree that it's probably one of the most intergovernmental coordination activities that we undertake, and are very pleased that the representatives of the county and local governments in Ohio had so much time to talk about their concerns.

As I move from place to place around the country after disasters have taken place, I am always amazed at the tales of heroism, self-sacrifice and leadership that elected officials in small and large towns all over the country perform. To use an old phrase somewhat recoined, all disasters are local and our programs need to assist them to the greatest extent we can.

With the benefit of hindsight, it is natural to speculate about how things could have been done differently or been done better in disaster response. There is always room for improvement. We, as an agency, are in the middle of that process now. We are reviewing what we could and should do better.

After Hurricane Hugo, we did a very thorough analysis and critique of everything the agency did well and identified those areas that can be enhanced and improved upon.

I have made available to the committee a cross walk that in our view compares FEMA's internal critique with the GAO and the Inspector General's report. I believe once you have an opportunity to review this in detail, you may agree that many of the changes proposed are responsible and necessary.

To the extent we have been able to make recommended changes administratively and within current budget limitations, you will find that many have either been already implemented or are being actively pursued.

We have taken our assessment one step further. As you know, FEMA's activities, as well as the activities of others, have been reviewed both by the GAO and by the FEMA Inspector General's Office.

To digress for a minute, it seems to me that the response to disasters—each one goes through three phases. The first is the one in which something has to be done almost immediately, and the concerns at that point are usually in the context of, why can't more be done more swiftly? Then after a few months we go through a phase as people who have been through that start looking at how things are playing out and wonder why an adjacent community or adjacent county seems to be getting more than they are getting. Then finally, usually a year or so later, there is a more detailed analysis which basically runs along the lines of, Why did you do what you did so quickly without authority?

I think that's normal and natural. I think that's the stage we're in now. But I believe in reviewing the cross walk that we've done between the reports that our own internal reports, the Inspector General and the General Accounting Office, I believe you may find that we've been as harsh or harsher on ourselves than either of these two reputable oversight offices.

We believe that eligibility for disaster assistance must be more clearly defined. In addition, we would like to streamline the delivery of assistance to individuals. Cost sharing arrangements with the States may need to be adjusted, and unnecessary and duplicative programs should be eliminated. We are reviewing the issue of legal authority for created housing which was raised in the General Accounting Office report.

As noted this morning, we also face challenges in disaster aid fund budgeting. Budgeting for a disaster assistance program is not an exact science. No one can predict either the frequency of disasters in a given year or their magnitude or severity. In an average year, the President declares approximately 23 major disasters and FEMA takes 50,000 applications for individual assistance and prepares 10,000 damage survey reports on affected public facilities.

During the past 24 months, there have been 75 presidentially declared disasters. As a result of the twin disasters of Hurricane Hugo and the Loma Prieta earthquake alone, FEMA operated 100 disaster application centers, took over 390,000 applications for individual assistance, issued over 375,000 checks totalling hundreds of millions of dollars, prepared over 35,000 damage survey reports, and provided well over $1 billion in assistance to State and local governments.

Even without Hurricane Hugo, there was still a greater than average level of disaster activity. In 1990, there were 35 presidentially declared disasters, well over the historical average of 23. In the first 7 months of this fiscal year, there have already been 26 disasters, and the hurricane season has not yet begun.

I might add that we anticipate the needs created by these 26 disasters this year amount to something over $300 million.

Added to the unpredictability of disasters are the difficulties in making accurate assessments of the recovery process. I believe that FEMA has a good track record at estimating the damages suffered by individual citizens—at least within the constraints of our regulations—however, assessing the damages to public buildings and facilities is far more complicated.

I would like to outline briefly some of these difficulties for you.

First, in order to respond rapidly where it is obvious that a disaster has taken place, we often recommend to the President that a disaster be declared before flood waters have receded or a hurricane has left the scene. Obviously, our initial financial estimates in these cases do not add up to the same figures as the final cost at the time of the disaster close out.

Second, surface observation is often an inadequate method for determining structural damages. We found, for example, where there were not external clues, that it was necessary to remove insulation and fireproofed coatings from the interior of the Oakland City Hall before finding two inch cracks in structural steel elements.

The projects, in short, can get very complicated.

Third, local building codes, especially in California, may require seismic upgrades to be retrofitted onto a building or other facility if certain damage thresholds have been reached. Making this threshold decision often involves highly sophisticated detection and computer modeling to determine exactly what is going to be required.

Fourth, there are different ways to seismically retrofit a damaged building, each with its own relative effectiveness and cost. Please bear in mind that when local seismic codes are triggered, the cost of a project can increase from 10 to 50 times the cost of repairing to pre-disaster conditions.

Fifth, the projects are accorded no special privileges over any other public construction projects. As such, they much comply with all of the associated Federal requirements such as those imposed by the environmental, Americans with Disabilities, historic, and archeological preservation, and similar sorts of legislation.

Finally, we have encountered situations such as San Francisco where FEMA has been told that building projects may have to meet retroactively new local building codes that are expected to be enacted in the near future. These new code requirements can be costly. Their interpretation by San Francisco's Building Department can potentially increase our future obligations by hundreds of millions of dollars. Such uncertainties do not simplify the planning and budgeting process.

This would not just apply to Federal projects, but would apply to anyone who may have had a building in the planning stage for a number of years.

Furthermore, we recognize that some of FEMA's internal procedures and polices have worked well for the normal range of disasters facing his country, but they, along with severely limited resources geared to cope with the average disaster, simply were not adequate to deal with the extraordinary events of Hurricane Hugo and Loma Prieta. We are working on solutions to this challenge now.

A joint FEMA and OMB task force has been formed to review program, budget, and financial management and, if weaknesses are identified, to recommend corrections.

I know that the committee has considerable interest in taking a look at the status of the disaster relief fund, and I look forward to a positive interchange with you on this important subject. As we discuss these issues today and in the follow-up meetings we will be having in the future, I believe we can work together to find a constructive solution to many of the challenges that are before us.

Before concluding my testimony, I think there are a few facts which should be a part of the official record. First, it is important to recognize that for 5 out of the past 6 years the amount of funds appropriated by Congress for the disaster relief fund was less than the amount which FEMA requested. The chart on my right will indicate that over the past 3 years, our appropriation request was reduced by approximately $540 million.

I also need to point out that during that period, in letters of June 25th and September 24th, 1990, the Administration indicated its concern to Congress over the potential reduction in disaster aid funds.

There is also a need to point out that we have requested additional full-time positions in the disaster aid program. In the prior budget we have requested 70 new FTEs and received zero. This year, our budget for 72 is proposing an increase of 30 FTEs to help remedy the situation.

Mr. Chairman, the Federal Emergency Management Agency has been through a tumultuous 2 years. I believe that the testimony you've heard this morning is that the men and women of the agency have responded well to 2 of the most serious disasters in recent memory as well as a record number of ordinary disasters.

We have taken a hard look at ourselves and made proposals for change. Regarding the funding system, however, we are working with a funding system that may have functioned well under normal circumstances and under the old framework for resolving budget issues, but that system must now adjust to the extraordinary demands of the past two and a half years, as well as the new realities of the Budget Enforcement Act of 1990.

We are making the same concerted effort to address this problems in funding as we did with our post Hugo and Loma Prieta self-assessment. For instance, I believe we need to institute an approach for our disaster aid fund that is quite similar to GAP, or General Accounting Principles, in that we can take quarterly snapshots of the fund and get a picture of what our basic accounts receivable and future accounts payable will be, and therefore be able to predict our cash flow requirements on a more accurate basis.

However, that sort of activity is going to require additional resources and it is going to require a significant addition to our disaster field activity.

Mr. Chairman, we look forward to showing consistency between our words and our deeds. We are committed to a positive, forward-looking agenda. I look forward to working with this committee over the next few months and taking the positive steps essential to addressing these critical and important needs.

Mr. Chairman, should you wish further information on the disaster aid fund and the circumstances that brought us here, Mr. Peterson is ready to make a presentation of that.

Mr. **Borski**. Mr. Peterson.

Mr. **Peterson**. Thank you, Mr. Chairman.

We're going to go through four or five slides fairly quickly here to try to pictorially represent a number of issues that we feel have impacted the disaster relief fund and led us to the circumstance where we are providing resources to individual assistance, the people programs, but have slowed down to a trickle the moneys going out to public assistance projects.

Over the last number of years, for about 6 years, starting with 1986, we are representing numerically and then in the far graph graphically, the Administration's request to Congress and the appropriation that FEMA received from Congress in those years. If you add up the Administration requests for those 6 fiscal years, you will find about $1.159 billion in requests against actual appropriations of approximately $534 million.

Those requests are preliminarily based upon some carryovers that we had against workload in the next year projected and our real estimate of what historically will be required. I said historically required. On an average of 23 disasters per year, which is our historical base, we have generated the request off of that. We use the historical base for generating our request. That left us around $620 million or so short in our request.

The other area of importance that I will get into a little more is Congress' consistent willingness and responsiveness in a very timely manner to provide supplemental requests for unusual events, or multiple events that are increased in frequency and magnitude and use up the fund based against that average year. We have had a number of instances where that has happened. Mount Saint Helens, of course, is a very noted one. The West Virginia, Virginia, and Pennsylvania flooding was one major event, and Congress immediately responded by appropriating $250 million to deal with that event. Those are estimates to deal with that event, and not the average amount of money we need per year.

Hurricane Hugo came along, and we gave about a 24 to 48 hour estimate to Congress and to the Administration, and Congress responded rapidly with a $1.108 billion supplemental for that disaster, and 30 days later the Loma Prieta earthquake came along with a $1.152 million estimate. I would say that at this point in time we're about 5 percent right on target with our 48 hour estimates. There may be a little luck there, but maybe some experience as well. We felt pretty good about that. But they were for those supplemental specific catastrophic or unusual events.

I would like to focus, if I may, on the last 3 years because it is much more contemporary, and it is close enough and cumulative enough to start showing some problems that we started running into.

In the last 3 years, the difference between the Administration's request and the appropriation is about $542 million. With last year's appropriation at zero, the year before at $98 million verses a request of $270 million, and in 1989 a request of $200 million and $100 million provided. That is a large amount of funds requested based upon the average 23 disasters per year and we started feeling the pinch very much this year after receiving a zero appropriation for FY 91.

If we can move to the next slide for a moment, I would like to talk about the second issue that has been extremely impactive, and is one that no one can control. I would like to caveat that I understand you have many more things to look at than just our disaster fund, and budget balancing is a very difficult issue. But what was also happening at the same time where we were seeing some shortfalls in appropriations based upon the average 23 disasters per year, or about $270 million average per year, is that we were not dealing with average years or anything that could be closely resembling average years in frequency or magnitude.

In 1990, we had 35 disasters. Of course, we make our projections off of 23. Those cumulative disasters, in frequency and magnitude, far outstrips the 23 disasters we would have normally if you took Loma Prieta and Hurricane Hugo completely off the plate and didn't even count them.

In 1991 this year, we went into 1991 hoping that perhaps 1990 had gotten this surge in disasters out of its system and we would come back to the normal operation of 23 disasters at $270 million, which was our request. Well, today, this chart shows 24 disasters, and I would report to you that Louisiana and Oklahoma just came in this week while we were preparing these, and we now have 26 disasters on the plate.

So what this really means is that in 20 months of business, we have 62 disasters on the plate where we would normally have about 35 or 36. That has also driven the financial impact very, very heavily against normal projections and has further increased the problem to the point where right now we have less than $100 million in our fund. Part of that is reserved for the purpose of taking care of people programs. We have a very large block of requests that are in our headquarters that we are in a very difficult position to try to meet.

So those are two issues, I think, that have come together at a point in time where we are forced to address the difficulty that we have before us. I think part of our concern and understanding was that Congress has always been very responsive when we get into these situations, and it has kind of been standard operating procedure that if we did run into a situation of enhanced frequency and magnitude that we would be able to enjoy those historical perspectives.

Thank you very much, Mr. Chairman.

Mr. **Borski**. Mr. Peterson, can you tell me how far behind we are currently and how much is owed out to States for disasters? Do you have a guess?

Mr. **Stickney**. If we were to pay our bills today, sir, we would have about $17 million remaining in the fund. However, we know that our accrued liabilities are much greater than that.

Mr. **Borski**. Can you tell me your accrued liabilities?

Mr. **Peterson**. If we were to pay all our bills through this year, and the projections of the remainder of the year, based on a normal year, we're going to be looking fairly close at that $540 million if we have any reserve or pad at all. Certainly, without a pad we're at $450 million plus to finish out this year.

Mr. **Borski**. I'm sorry. You have $542 million now?

Mr. **Peterson**. We have in-house right now, waiting to be signed out, about $82 million to $83 million as the director has said, that would leave $17 million in the bank. We have known carryovers from previous years because disasters don't just get over in one year, and that speaks directly to the carryover we had from the supplemental because it takes 3 to 4 years to clear out a disaster of that size.

A very large portion of funds there will be required to be put out this year, about $300 million. We have on the plate around $300 million that we know are estimates of existing disasters today, of which we have paid about half out and have about half to go. We estimate about $133 million is needed for the remainder of the year, if we have an average year.

If you add all that up, it should come out—minus our assets—to needing at least $450 million to $540 million, if you want to have any reserve at all, but no less than $450 million.

Mr. **Borski**. Are you planning at this point to ask for a supplemental appropriation?

Mr. **Stickney**. Sir, this is one of our most difficult activities these days. We are pleased that those who must participate in this process are aware of the situation. However, it's my understanding that this all has to be worked out through the new rules imposed by the budget process. I'm hopeful that that can be done and we can work through this in the fairly near future.

Mr. **Borski**. What do you say to people in Indiana, or the representative from Indiana, who suggested that they're going to pay $800,000 or $900,000 in interest?

Mr. **Stickney**. That's a very difficult situation. There is no question about that.

My understanding is that the prohibition against paying interest is one that is imposed by a prior years Office of Management and Budget circular that prohibits that unless there is specific legislation that allows it. It certainly is something that we need to look at in future circumstances. I can only say that I understand how difficult it is, I just don't know what I can do about it right now.

Mr. **Borski**. I would assume that if there were a disaster to hit shortly, we would be in the same position. We would not have funds to immediately help.

Mr. **Stickney**. Yes, sir. We have funds. As has been said earlier, we reduced the rate of paying the public assistance fund so that we could be reasonably sure of having funds to assist individuals, families, and that sort of thing.

Mr. **Borski**. When did you know you would be short of funds?

Mr. **Stickney**. The concerns began to be expressed right after the dust settled from the budget agreement last fall, sir. We came out of that agreement without the $270 million appropriation. Although there were concerns expressed at that time about the numerical deficiency, I don't think anybody realized at that time what effect the budget guidelines and agreements would have on just trying to replenish the money.

I think people came out of last September thinking that if disaster funds were needed, they would be provided.

Mr. **Borski**. So I take it from your charts that you think that Congress is pretty much to blame here for not coming up with your required amounts of dollars. I would assume that you would accept some responsibility for not requesting more.

Mr. **Stickney**. I think that we certainly could have done a better job during the past couple of years in expressing the carryover needs, instead of working on an annual basis. We will certainly try to do better on that in the future.

Mr. **Borski**. As you understand it, we need to find and take dollars from somewhere else in order to give you a supplemental appropriation. Is that correct?

Mr. **Stickney**. I understand that that is the process we're going through now. I do not dare to interpret what the official position on that is at this point.

Mr. **Borski**. Is it your decision to ask for this, or is it something you work in conjunction with OMB on? How would it work? Who would determine when and if you are to ask for an appropriation or a supplemental, and how much?

Mr. **Stickney**. We work these issues in conjunction with OMB. It would be an Administration request for a supplemental funding.

Mr. **Borski**. That determination has not been made yet?

Mr. **Stickney**. No, sir, but it is definitely something on the plate.

Mr. **Borski**. Yet we heard from people from Indiana that suggested that they were told that the supplemental would be forthcoming. Is that just something that got lost in the translation?

Mr. **Stickney**. I think there have been many hopeful points the last couple of months, but the difficulties of the new budget arrangements, as I understand it, are fairly great, too. So we had hoped to be moving faster, but all I can say is that my understanding is that it is in the process.

Mr. **Borski**. On page 3 of your testimony, you talk about, "Even without Hurricane Hugo, there was still a greater than average level of disaster activity."

Mr. **Stickney**. Right.

Mr. **Borski**. Even this year, in the first several months, there are already 26 disasters. Wouldn't that lead you to believe that we should change the manner in which we're requesting dollars?

Mr. **Stickney**. Sir, I think we need to try to understand whether this is a long-term trend, or something that is a combination of the carryovers from those huge disasters, which were described by the gentleman from North Carolina—the counts are still being added up there—as well as the additional disasters over the past few years.

I think the process probably is fine. I think we need to adjust projections, as we must do, a year and a half or two years into the future as we project our budget requirements and try to understand.

In addition to hopefully getting our $270 million that we have requested in the past, we need to try to decide how much additional should be required.

Mr. **Borski**. Do you think if we had to assume that $800,000 interest payment that Indiana's referring to that we would come up with the dollars faster?

Mr. **Stickney**. I suspect so, sir. One of the challenges here is to realize that in our public assistance projects we are subjected to every requirement the Federal Government places on everybody else.

Mr. **Borski**. Mr. Packard.

Mr. **Packard**. Returning to the question relative to your calculations and projections, we are now into at least 3 consecutive years of significantly more disasters. How have you evaluated and determined the average year at 23? Do you have a formula that you work on the last 10 years, the last 3 years? Mr. Peterson, do you have a formula that you work on?

Mr. PETERSON. We take the actual historical events and normally take out the anomalies, the very large supplementals like Mount Saint Helens, Loma Prieta, and Hurricane Hugo, and then we average the remaining by the year, and we come up with 23 or 24. The impact of the last 2 years is going to move that up a few notches, and certainly the magnitude—New York at $55 million for an example—certainly can't be counted as normal.

Mr. PACKARD. It appears from your chart that you establish your budget and you make your request on the basis that you're going to request supplemental appropriations. Is that your strategy? Is that normally your budget planning to deal with it through supplementals, or do you intend to request or have the $270 million represent the actual need as you project it for that budget year?

Mr. STICKNEY. Sir, we would like very much to have that base number, whether that should be $270 million, $300 million, or whatever, for future budget projections. We should like to project that as best we can.

I would agree with the testimony earlier that for the mega disasters, we probably should deal with those at the time because they could represent a significant amount of money in that fund waiting for years to be used, depending on when the disaster occurs.

Mr. PACKARD. So you're suggesting that the $270 million that you did request for 1991 in reality does represent your projected need, exclusive of the mega disasters?

Mr. STICKNEY. Yes, sir, at that time. Then of course the need is projected some 18 months or so ahead of the budget. Given the fact that this year is just as heavy a year in terms of frequency as last year was, as the next budget comes around, we will need to increase that some more, I think.

Mr. PACKARD. Is your experience this year during the first 7 months that there are any of those 26 disasters that would reach the mega category, or that would throw your projections askew, or are you going to come within—if you took 23 of those disasters and averaged them out, would you come up with the same figure of $270 million?

I'm really trying to find out if you're projecting—if the flaw is partly in your projections, or reliance upon supplemental appropriations.

Mr. STICKNEY. I think one of our challenges is, sir, that we're trying to predict the weather, and we have bet big dollars on it. [Laughter.]

I've not really looked at it from that point of view. I can say, though, that the two that seem to much greater than the average year—but not necessarily mega disasters—the two events that have increased the requirements this year have been the two ice storms in New York and Indiana. Those two events increased our requirements by some $90 million this year.

Mr. PACKARD. You reported in January and then again in February by letter to OMB that you're projecting shortfalls.

Mr. STICKNEY. Yes, sir.

Mr. PACKARD. That was never reported to Congress. You have not made any request to Congress, I don't believe. If I'm wrong, correct me. I'm interested in the reason why.

Mr. STICKNEY. Sir, at that time we were requested to review very carefully our funding balances to find out whether or not indeed there were some unobligated monies that could be called back and reused. As you heard testimony earlier, we did place a moratorium on spending from the fund for nearly 2 weeks while we did that inventory and accounting. We did require that the obligation authority be returned to headquarters for obligations that weren't going to be able to be made in the near future.

However, as it turned out, there simply was not that much slack in the system. That money was not available.

After that, I believe it was sometime in the first part of April, we understood our situation and made the decision to significantly reduce the rate of payout on the public assistance projects and at that time I believe we began our briefings to let you know what the situation was.

Mr. PACKARD. What is your evaluation of why Congress has not been appropriating the request?

Mr. STICKNEY. Sir, this is a personal opinion. I must say that it's an opinion based on my entire 7 months service in Washington, so take that into account.

Mr. BORSKI. That sounds like a good time to venture a guess. [Laughter.]

Mr. STICKNEY. I think there are two reasons. I think we could probably do a better job at making sure that everybody understood the liabilities that we're accruing against the fund. However, I think the practice over the past decade has been that when the fund needed money, money would be provided for it.

So I think those are the two things.

Mr. PACKARD. I think they're right. I don't believe that—and I'm a tight conservative member when it comes to budget and monies—but I don't believe in my 8 plus years here that I have detected any Member of Congress unwilling to fund the needs that are accrued because of disasters. I think our supplementals have illustrated that when people are in need, we are willing to fund those needs no matter what has to suffer otherwise.

I don't believe that we should under any circumstance try to interpret that FEMA is not anxious to do their job in addressing the problems of disaster. That's their whole purpose of being.

So in some way, we are miscommunicating, or the structure is flawed, or some way we are not able to accomplish what needs to be done when both of us want to do the job. That I guess is the dominant reason for this hearing.

What is the total amount of appropriations that you would need to meet current obligations in both FY 1991 and FY 1992?

Mr. STICKNEY. If we were to project our needs at the end of 1992, at this point, it would be on the order, sir, of $900 million, depending on the severity of disasters between now and then.

Mr. PACKARD. We heard the figure $800 million, and now it's $900 million approximately. So we're three times what we have requested.

Mr. STICKNEY. Yes, sir.

Mr. **Packard**. That's with 1991 and 1992. Is that correct?

Mr. **Stickney**. Yes, sir.

In my testimony before the Appropriations Committee about a month or so ago, I used an $810 million figure, but what has happened since then is that the disasters have continued to come above the average.

Mr. **Packard**. Recognizing that right now you can see a projected need of $900 million and historically we would be providing about $530 million or $540 million—so there is a shortfall of somewhere between $300 million and $400 million—what procedure do you recommend we follow in order to address that shortfall?

Mr. **Stickney**. I believe the shortfall which will remain after this year's activity would need to be addressed in the budget amendments in the 1992 budget, and somehow work in with whatever the budget rules and law are at that time.

Mr. **Packard**. When we deal with a supplemental budget, is there a delay in the monies getting to where the need is or where the commitment is?

Mr. **Stickney**. Sir, my understanding is that it is not beyond the normal bookkeeping requirements, but we would be ready to write the checks to the list that we have already.

Mr. **Packard**. We heard testimony this morning earlier that commitments were made—or at least they felt they were made—by FEMA, regional management people, and now they're struggling to have those commitments realized. Tell me the procedure during and immediately following a disaster in terms of coordination between the field people from FEMA who go out evaluate, determine needs, make commitments, and then following through with those commitments and evaluations. How is that done from a field position to the headquarters?

Mr. **Stickney**. Sir, the regions and the disaster field teams do have a considerable amount of authority to act. To the extent we can, and where resources and personnel levels allow, we are trying to increase that authority.

But to get into the details, I would like to turn that question over to Mr. Peterson, who deals with that on a daily basis.

Mr. **Peterson**. It is a joint effort between local and State and Federal FEMA officials. Of course, the damage is at the local level and the local officials know better what the damage is than anybody. We tie up with them and the State because money flows to the State and down to the local, so there has to be kind of a three-way agreement here. We try to meet collectively and go into the field physically and look at each one of the disasters that have been requested through a damage survey report process. We did over 40,000 of those in a year with Hugo, et cetera.

We will go to the field. We try to come to consensus amongst ourselves, collectively, that it is a disaster-related issue, that it does fall under the legislation and regulations as published, and then bids will be agreed to be placed upon the time that agreements are finalized.

The damage survey report that comes forward is a base agreement between the parties that says, "Yes, this looks eligible and these are about the amount of monies that we all agree to, but it is subject"—and it says on the first line of the paragraph on the back of the page that it is not an authorization for funds because we can only guarantee to provide monies when it is appropriated. So we come up against that block.

Then there is another finalization process in the region for concurrence and it is sent forward to us on another form that says, "We in the region, State, and local agree that this is a valid project and it is going to cost approximately x amount of money." That then comes forward to us and we then review it. If funds are available, we sign an allocation out through the Comptroller's shop to the region and then they can obligate those funds out against that specific program, sir.

Mr. PACKARD. Local people or State people—there are commitments made to them at what stage in that process?

Mr. PETERSON. The actual stage for commitment for funding the project is when the final form comes forward and money which is allocated officially against that project is obligated. That's when the commitment is made.

Mr. STICKNEY. I must add, if I may, sir, that there are expectations created because of the wording of the law and regulation in history that certain things will be done. For instance, a City Hall will be replaced, and people expect that. Often, though, it takes a matter of months, or even years, to come to the point of knowing exactly how much money needs to be obligated to replace a City Hall.

So there is an expectation level, and then there is an actual Federal obligation level.

Mr. PACKARD. But when the commitment is made, based upon expectations, and it's only a matter then of the money itself, how much money and the funding process, there is not a reversal or a change in those commitments in terms of expectation. Is that normally correct?

Maybe I ought to ask another question that relates to that. Are you getting a lot of complaints that commitments are made, either at the field level or at the administrative level, and those commitments are not being met? Are we getting a lot of complaints?

Mr. STICKNEY. Sir, I think we're not getting an abnormal number of complaints. I must say that I had some sympathy for the Ohio official here today who fixed his road so well that nobody thought it had ever been damaged in the first place. That sort of thing does occur, but it is my impression that although I believe we have a history of being very frugal in terms of estimating damage and sometimes those numbers have to be changed, the commitment to replace that functional project has always been followed through.

Mr. PACKARD. I have one more question, Mr. Chairman.

Do you have an opinion regarding the insurance issue? I recognize that that is certainly the safety net that is expected that all homeowners and all property owners should normally carry to protect themselves from disasters. I would be interested in your observations of that issue and what recommendations you might make in terms of changes or suggestions.

Mr. STICKNEY. Yes, sir. I would like to make a couple or three observations.

First of all, one of the needs clearly identified when we were in Oklahoma last week was the need for the citizens to have someone to talk to who can help them work through the insurance process. I remember talking with one lady who said, "I had a perfectly good T.V. set that was working, it's 5 years old, the insurance company will only give me half it's value. How can I buy half a T.V. set?" We ran into that sort of thing.

The Lieutenant Governor of Oklahoma, who was with us at that time, decided right then that they would set up an office in that area for their insurance commissioner so that people could have someone to rely on at that point. I think that's a very important thing.

Regarding the flood insurance specifically, it is, as you know, a self-supporting program that is supported by the premiums that people pay in. There are no Government appropriations in it. But there is a challenge in ensuring that all of those that ought to be insured are insured. The issues raised this morning were all valid. For some of these homes that have been in the family for years, perhaps relatively modest homes, but in a high flood risk area a $500 or $600 a year insurance payment is a significant amount.

The only way we can track that is that if a mortgage is Federally guaranteed, or has some Federal presence, then the law requires that flood insurance be purchased. We have just initiated——

Mr. PACKARD. Excuse me for breaking in, but is that irrespective of whether it's in a flood zone or not?

Mr. STICKNEY. No, sir. If it's in the flood zone—and the premium would depend on the degree of risk of the flood zone.

Mr. PACKARD. Thank you.

Mr. STICKNEY. We have just instituted, through our Flood Insurance Administration, a portfolio management program where we're asking the cooperation of the holders of Federally guaranteed mortgages, in reviewing their portfolios, to see which of those ought to be insured. I must say that I recognize the need for doing that, but the fix for trying to make sure they're insured is a difficult one. As it stands now, we are asking the holder of the mortgage to notify the property owner in writing 2 months in a row that they need flood insurance and to please buy it and let them know they have it. If that's not done, the mortgage holder actually purchases the policy and assesses the property owner for that money.

That will get the job done, I think, but I guess I have some sympathy for people that are probably like me. When we get our mortgage bill and a letter from the bank, we pay attention to the bill and not often the letter.

So we're going to have to do that somehow sympathetically and carefully, but our Flood Insurance Administration is trying to do its best to ensure that those that are supposed to have insurance are complying with the law.

Mr. PACKARD. Mr. Chairman, there are three jobs I would hate to have. One is an insurance adjustor, one is a funeral director, and one is the director of FEMA. [Laughter.]

They're all dealing with unusual emergencies and tragedies when people's emotions and expectations and problems are magnified. It's a very difficult job. I want to personally tell you, Mr. Stickney, that you have a difficult job and we will work with you carefully to make certain that you can do your job the way you want to do it and the way it ought to be done. I applaud you for your work.

Thank you, Mr. Chairman.

Mr. BORSKI. Thank you very much.

I have a couple more questions along these lines, and then I would like to get back to some on the GAO report, if I could.

Isn't it true, Mr. Peterson, that even if Congress had appropriated all the funds you requested, FEMA would still face significant budgetary problems?

Mr. PETERSON. We would be real close. If you're talking about going back three years, we would be pretty close.

Mr. BORSKI. This year, sir.

Mr. PETERSON. If we want to limit it to this year, obviously when we have already exceeded our normal average in frequency of disaster, and have also exceeded the average magnitude in dollars 7 months into it, we would have to take a look at those frequencies and magnitudes exceeding the average base on which we project our appropriation request. Yes, sir.

Mr. BORSKI. When you made your appropriations request, you had leftover money?

Mr. PETERSON. We had carry over money from the supplementals that were going to have to be applied toward those specific disasters. Yes, sir.

Mr. BORSKI. That was in excess of $450 million?

Mr. PETERSON. At that point in time, we had about $450 million that we carried over. At this point in time, we have almost that much left to be applied in 1992 and 1993 because of those disasters. So that speaks to the issue that all of the carryout funds were needed, and I would say, if I may, that with 36 disasters on the plate and a reduced appropriation in the previous year, some of that supplemental money was used to pay for the extraordinary frequency magnitude off the regular disasters.

Mr. BORSKI. When you were before the Appropriations Committee, did you tell them that you expected to spend that $450 million or thereabouts in addition? It seems to me that the Appropriations Committee would have very little faith in your request, based on their meeting their supplemental needs, as they were requested, and to try to determine why you would ask for $270 million as though it were almost a number picked from the air.

Mr. PETERSON. It was based upon our projections. It was not a number picked from the air. That was our best call at the time. In the appropriation hearings, we believed it was understood that the majority of those funds were carryovers from the supplemental and it would take 2 to 3 years to obligate those funds. But we probably could have been more energetic in trying to clarify that position before the Appropriations Committee, and in hindsight have tried to reflect upon that.

Mr. BORSKI. Mr Peterson or Mr. Stickney, it seems that part of our problem—at least part of it—is budget driven. Should this program be off budget?

Mr. STICKNEY. Sir, as a State official, I argued for years that the Highway Fund should be off budget.

I guess from my perspective now and my point of view now, I simply do not have enough information to respond to that. We are not the only emergency fund in the Government. That would have to be answered from a much broader perspective than what I have at this point.

Mr. **Borski**. Mr. Peterson, do you want to venture an opinion on that?

Mr. **Peterson**. I think the director has covered it. [Laughter.]

Mr. **Borski**. Do you want to speak as a county official?

Mr. **Peterson**. I will let it lie, sir. [Laughter.]

Mr. **Borski**. I'm encouraged to see that you have a joint team with OMB and FEMA to review the program, your budget, and financial management. I know you said in your testimony that if weaknesses are identified, you will act to correct them. I humbly suggest that there are weaknesses here and we need to do a better job in submitting our requests. I believe, as my colleague and friend, Mr. Packard, has said, the will is here in this program for the Congress to come up with the dollars as they are needed. If we know what is needed and when, I'm sure we'll be following through.

This really seems to me to be more of a problem as we try to balance budgets every year and trying to guess—and I wouldn't want to sit in your spot, quite frankly, and have to guess how many disasters we're going to have, or how much money they're going to cost—but we just have to do a better job in that somewhere along the line.

Mr. **Stickney**. Yes, sir.

Mr. **Borski**. I wanted to get back to some of the recommendations that GAO had given to us and ask generally if you had any comments on them. Particularly, I want to follow up on the suggestion that Congress should consider providing FEMA with the authority to act as a first response agency in situations where such assistance is warranted. Do you agree or disagree?

Mr. **Stickney**. Sir, I would agree that that issue ought to be considered and not to be decided. Those of our staff and Director Peterson, who went through the Hurricane Hugo, believed very strongly that it would be important not for FEMA to be able to come in and take over. At the time, for instance, that they were in the presence of the State emergency manager and the Governor, and the storm was coming in, that at that time they believed they needed authority to—working through our catastrophic response group—help assign Federal agencies to particular needs, and help Federal agencies work together, if they need to work together, and provide Federal funding for it.

The issue is not only being there to take over and have control. Another issue is to be able to task Federal agencies and ensure reimbursement at the earliest possible time. This may be the greater issue.

Mr. **Borski**. Do you have any reason to believe that that would drive the cost for the Federal Government?

Mr. **Stickney**. I think that in terms of FEMA's costs, it may require, in the case of a situation of a catastrophic earthquake in the winter time, or an island or territory devastated, it may require that we have some sort of an ability to operate under cover. That would cost about $3 million up front, and nearly $1 million a year to maintain in a state of readiness.

Beyond that, it's my understanding that we simply do what we do except we do it quicker.

Mr. **Borski**. So outside of a possible start-up cost, it wouldn't cost the Federal Government any more monies after that initial start-up cost, in your mind. That wouldn't drive the program to spending more money, right?

Mr. **Stickney**. I guess I must say, though, that I do have some sympathy for those that are worried about the constitutional situation of the Federal Government coming in and taking over without a Governor's request. That is a serious issue that needs to be seriously considered.

Mr. **Borski**. What is FEMA's reaction to the GAO report on the agency's response to Hurricane Hugo and the earthquake in California? Do you have anything specific in response to that?

Mr. **Stickney**. Yes, sir. I would like to be able to take credit for all of that, but I can't because I wasn't here. I am pleased with the report, and I think it recognizes the issues that we have to work on, and also recognizes some very hard work that was done under very trying times.

Mr. **Borski**. What changes, if any, has FEMA made following the recommendations of the GAO report?

Mr. **Stickney**. We have made several. Beginning in organizational changes, we have made changes in our training activity. We have moved the Emergency Management Institute into the State and Local Program Directorate so that the program people will have a much more direct role in what courses are taught and how they are taught. At the same time, the National Fire Academy has been moved into the Fire Administration. So we hope that we're going to make both of those parts of our educational system better.

We have made an organizational change in Mr. Peterson's State and local programs. We have moved all disaster planning and response into our office of civil defense so that the people that do all of our contingency planning will be all in one place. We believe that it's very important for those people who do the plans to be responsible for the response. We think it is going to create a lot more attention to detail.

Secondly, we have made changes in the way we will respond and as we set up disaster field offices for the larger disasters we will have a response group as well as a recovery group. One of the lessons learned is that for a large disaster the response efforts, that is, lifesaving sorts of efforts, need to be going on at the same time in some areas that recovery efforts need to be going on. So we split those two things and we think that's going to provide a much better response.

Grant, I'm going to need to turn to you for the rest of the changes because we have made several.

Mr. **Peterson**. Thank you, Director.

I would like to emphasize the training aspect of this and provide a little perspective on that. Putting the Emergency Management Institute directly under State and local programs gives us direct program ties with the Emergency Management Institute. That has already reaped numerous benefits. Now we have joint presenters from the training side and the program side dealing with such individuals as emergency training officers and elected officials. One of our new incentives is to put more programs in place for local and State elected officials, managers of cities, et cetera, and it is going over very well. It especially focuses their attention on matters such as: "are you prepared?" and "how do you respond as a community under a unified program of Federal coordinated response and incident command system response so that there is an integration?"

That seems to be working very well.

On the public information side of it, we are moving fairly aggressively. Most of that is funded out of the civil defense fund to provide videotapes, such as "When Disaster Strikes", for the public. These address questions such as "What do you expect?" What is your responsibility as a citizen? Should you be prepared? What should local government do?

We are looking forward to having handouts and breakouts that say, "Mayor, this is how things work under the Federal system," so that there can be some prepositioned information in place. We're really looking at many of the issues brought up by State and local governments. Some of them you heard here today saying, "We need instant information on what to expect."

The other side of it is that we are also expanding under our Comprehensive Cooperative Agreement Program in this agency, which is mostly civil defense funds, about $60 million that goes down to State and local governments. There is a broader perspective in the agreement between us and State and local governments to have more emphasis in their planning process for response and recovery, which is one of the weaknesses we saw come out of that system.

So those are a few of the things that we're trying to do and move forward. We're also trying to enhance our communications with the National Emergency Management Association and NCCEM, which is the State and local group, to find out how they can be better involved in other States in support of an affected State as well, which was a question that came forward. We have some working groups working together on that.

One other issue is the urban search and rescue side of it. I would like to bring that up because we do have a national initiative to put a national inventory and capability in place for urban search and rescue, which this Nation did not have. Those requests and contracts are going out to the regions and States now to try to put that capacity and capability in hand.

Those are just a few of the things that we're doing at this point in time.

Mr. STICKNEY. Sir, I would also like to add that I was encouraged by the GAO's review of the creative housing approach. My first experience with that was when I was visited by the Governor of Guam, whose island had just been through a severe typhoon. He still had at that time some 270 or 280 families without homes. Their homes were simply gone. We could pay them temporary housing—we could put them up in a hotel for 18 months, and that's perfectly legal. At the end of 18 months and temporary housing has run out, they're out on the street, the Governor still has a problem, they don't have a house, and really nothing has been gained.

So I think we can serve the public if we look at that very carefully.

Mr. PETERSON. I would just like to cover one other point, if I may. I kind of left out what the Federal agencies are doing to coordinate. Out of Hurricane Hugo and Loma Prieta, we learned that the agreement for earthquake response was a very good operational plan that we used parts of to deliver emergency response from 26 Federal agencies to a State once the State had asked for them. We have had a number of meetings where we have called the 26—now 27—Federal agencies together and that document has been enhanced to a Federal response plan under the Stafford Act. It is an agreed upon process operationally—not conceptually—but operationally with 12 emergency support functions.

This is how the Government collectively is going to work together. We have that operational document available for Congress if they would like to see that. We think it's a good piece of work.

We have also been going out region by region inviting the regions and States in to discuss the processes at the interface level of region and State where that initial interface starts with emergency response team operation so that everyone understands how we're going to get out of the door quickly in a coordinated manner.

I think there is a much better understanding today than there was 19 months ago on how the Federal Government interfaces with the State in support of the State.

Mr. BORSKI. Thank you very much.

Mr. DeLugo, do you have any questions?

Mr. DELUGO. Thank you very much, Mr. Chairman. I am not a member of this subcommittee, so I thank you for your graciousness. I am a member of the full committee, but when I learned that FEMA would be here, I just had to walk over from my office to visit with FEMA people who are here because when you're talking about Hugo, you're talking about my constituents.

I just wanted to say thank you to FEMA. We can write the laws and put the programs in place, but it takes the human beings, in good judgment, to really make them work, and bad judgment can bring on tragedy and great suffering. In the case of Hugo, my territory was cut off from the rest of the world. Even St. Croix was cut off from St. Thomas for more than a day. There was no communications on the island of St. Croix.

I want you to please think about the things that we take for granted. Grant Peterson knows how bad Hugo was; Jerry Conley knows how bad it was; Steve Singer knows how bad it was; and John Swanson knows how bad it was; but the American public doesn't because we were cut off. So the reports in the media were very sketchy about Hugo. Shortly after Hugo had devastated St. Croix, then Hugo hit South Carolina, so the media focused on another very powerful area.

But in the case of the Virgin Islands, this hurricane stalled over the island of St. Croix. When I flew in shortly after the hurricane on the first plane that FEMA had arranged to get in there, where the pilot—the situation was so bad that the pilot said that we were going to make one pass and if we couldn't set down, that was it. We were able to get in there.

I am from the Tropics. My family has been down there for over 100 years. I know about hurricanes, but I had never seen anything like this. I was not prepared for it. The devastation was so massive.

The first thing that hit me was that all the trees that were down and the poles and the wires everywhere, but the thing that hit me was that in my islands, which are so green and lush, that there was not one speck of green anymore. There was not a leaf. You can't believe this. Everything was burnt brown, the color of that table there.

The people had no idea what was going on. They couldn't hear from their own government because there was no communication. They didn't know what had happened to their neighbor down the street. They were afraid. It was a terrible situation.

I know that FEMA did a lot of learning on the job in this case because there is no way that you can be prepared for something like this. But I want to commend FEMA for the judgment and for their flexibility because that's the only way it could work. It's very easy for a little territory to be shortchanged when problems move on. We had South Carolina, and then shortly after that, a month later, we had San Francisco. While it was terrible in the small area that got that quake, it couldn't compare to what happened to his island, this U.S. territory.

The other Federal agencies that came in, the Army Corps, the Small Business Administration, they all—and I'm leaving a lot out here—they really did a fantastic job. This is a case where the United States Federal Government can be proud of itself.

I can say about FEMA, and I can say it to all of my colleagues and to the American people, I can only urge that this is one program that we have to fund because—let me tell you—when a disaster strikes, with FEMA the taxpayer gets a real bang for his dollar. He gets a full return.

You know, Grant—and Mr. Director, if you'll excuse me, I want to say to the associate director—you know that in those initial hours there was a little tugging back and forth between you and I. But I want to commend you that you were able to get all these Federal agencies together. That's a tough job. Then you have to get the Federal agencies to work in some degree of harmony together.

My islands have recovered. It will be a long time before we're totally recovered economically, but people were there with no homes, there was no food, there was no electricity, no communications. This is something that affected me the most. You take it for granted, but there was no telephone and no way to communicate. You don't know what has happened. If you live on an island where the center of government is on another island, you really are lost.

So I want to commend you. I have read the GAO report. It is an excellent report. I have listened carefully to the Chairman's questions, and the answers from Director Stickney and Associate Director Peterson. I feel that you're on the right track and I just wanted to come down here and commend you.

Thank you, Mr. Chairman, for allowing me this time.

Mr. **Borski**. Thank you very much.

We are going to close now. I know you have another hearing to attend to today. We appreciate your coming by today and your testimony.

There are additional questions that we will submit in writing to you for response for this record.

Mr. **Stickney**. We will do that, sir.

[Subsequent to the hearing, additional questions were submitted to Mr. Stickney by the subcommittee. Questions and responses follow:]

Federal Emergency Management Agency
Washington, D.C. 20472

AUG 9 1991

The Honorable Robert A. Borski
Chairman, Subcommittee on Investigations
  and Oversight
Committee on Public Works and Transportation
United States House of Representatives
Washington, DC 20515

Dear Mr. Borski:

This is in response to the June 13, 1991, letter to the Federal Emergency Management Agency (FEMA) from the Subcommittee on Investigations and Oversight. The letter forwarded questions on FEMA's disaster relief program.

Answers to the questions follow.

1. **Question. What changes, if any, has FEMA made following the recommendations from the General Accounting Office (GAO) report, entitled *Disaster Assistance: Federal, State, and Local Responses to Natural Disasters Need Improvement?***

Answer. FEMA has made changes to some of its procedures in response to the recommendations contained in the referenced GAO report. Enclosed is a copy of a May 6, 1991, letter from FEMA to the Chairman of the Senate Committee on Governmental Affairs outlining FEMA's response to the report. A copy of this response was forwarded to you on May 28, 1991.

As you will note in our response to the Government Affairs Committee, many of our improvements and procedures pertain to training activities at FEMA's Emergency Management Institute in Emmitsburg, Maryland. We would be pleased to arrange a visit to our training facility for you and/or your staff through my Office of Congressional Affairs.

2. **Question. GAO's testimony indicated that there was duplication of benefits during the Hurricane Hugo and Loma Prieta disasters, along with a lack of computer compatability between agencies. What changes have been made to provide a more efficient application process?**

Answer. A number of activities are underway to address issues surfaced concerning individual assistance programs in the aftermath of Hugo and Loma Prieta. First, our application form has been revised to include a social security number and other data that will make it easier for our automated system to identify potentially duplicate applications upon entry. The form is ready for field testing. Second, a wholesale revision of our software is in process, and will include the capability to provide agencies with improved access to our data base for read-only purposes in some instances and, where warranted, data entry rights.

3. Question. The complicated application process for FEMA's hazard mitigation grants was mentioned in testimony given by National Emergency Management Agency (NEMA) officials. How many requests are made for grants each year and how many are granted? How long is the average application process? Do you anticipate any changes in this program?

Answer. The legislation creating the Hazard Mitigation Grant Program (HMGP) was signed in November 1988, giving us two and one-half years experience in implementing the program. Each disaster declaration creates new opportunities for hazard mitigation; however, some States are more proactive than others in soliciting and developing project proposals for funding under the HMGP. The legislation states that mitigation "...measures shall be identified following the evaluation of natural hazards under section 409 and shall be subject to approval by the President." The section 409 hazard mitigation plan provides an evaluation of the natural hazards in the declared area, as well as identifying actions to mitigate those hazards. This ensures that the project funded through the HMGP will be part of a comprehensive mitigation program designed for the most effective reduction in future disaster damages.

It is difficult to determine the number of grant requests made each year, since they are tracked by disaster declaration. It has taken most States a year or more to identify and evaluate project proposals before submitting them to FEMA for consideration. Since the program was created, there have been 82 major disaster declarations for which States are eligible for HMGP funding. In 1989, total funding available for the HMGP is estimated at $55.6 million. This includes over $36 million for Hurricane Hugo and $14.5 million for the Loma Prieta Earthquake. We have obligated or approved funds for 1989 disaster-related projects totaling $9.1 million. Estimated HMGP funding for disaster declarations made in 1990 is $13 million. To date, we have obligated approximately $223,000. We are continuing to work with the States, providing technical assistance when needed to develop complete project proposals. Depending on the complexity of the project submitted to FEMA for consideration, it may take one to nine months for final project approval. Many projects require environmental analysis and permits before construction can be started.

Since we now have some experience in implementing the HMGP, we are in a position to review the program, identify potential areas for improvement, and evaluate the effectiveness of the program implementation. This evaluation will include the program regulations, guidance documents, application procedures, and policy statements. We anticipate completing the review and making any necessary recommendations for program modifications by the end of this year.

4. Question. What role do private insurance companies play in post-disaster recovery? Are those facilities eligible for public assistance generally insured, and if so, how are private insurance benefits coordinated with federal assistance?

Answer. Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act requires FEMA to assure that no applicant will receive "...assistance with respect to any part of such loss as to which he has received financial assistance under any other program or from insurance or any other source."

In the individual assistance area, this prohibits our providing benefits that duplicate those provided by insurance, although we may provide assistance to those whose insurance coverage is insufficient to meet their eligible, disaster-related needs. Indeed, one of the factors considered in analyzing a Governor's request for a major disaster declaration is the extent to which the damage sustained is covered by insurance.

In the public assistance area, private insurance benefits are expected to be the first means of funding repair of disaster damaged facilities. However, eligible applicants do not always insure their facilities. While insurance on damaged facilities generally plays a small part in almost every disaster, typically many buildings and almost all other facilities that are damaged by a major disaster are not covered by insurance.

Applicants for Federal disaster assistance are required to report whether any of their damaged facilities are insured. A Damage Survey Report (DSR) is prepared for each disaster-damaged facility requesting assistance under the public assistance program. The DSR describes the damage, outlines the scope of eligible work, and includes an estimate of the cost of repairing the facility. Based on the DSR FEMA obligates funds to cover eligible repairs. When an applicant reports that a disaster-damaged facility is insured, the DSR for that facility is placed in a suspense file and no funds are obligated until the applicant reports that they have settled with the insurance company. FEMA then obligates funds to cover the portion of eligible damage that was not paid by the private insurance company.

5. Question. When did you know that the disaster relief fund would be short of funds and when did you first make a request to the Office of Management and Budget (OMB) for a supplemental appropriation? What was OMB's response?

Answer. FEMA and OMB have been concerned about the potential for a budget shortfall in the Disaster Assistance Program for the past year. OMB advised Congress of the Administration's concerns in letters to Congressman Jamie Whitten, Congressman Silvio Conte, Congressman Bob Traxler and Congressman Bill Green dated June 25, 1990, and to Senator Robert Dole, Senator Mark Hatfield, Senator Robert Byrd, Senator Barbara Mikulski and Senator Jake Garn dated September 24, 1990. In both letters OMB Director Richard Darman expressed strong opposition to proposed reductions in the requested level of funding for the Disaster Relief Fund for FY 1991, and advised that any cut in the requested amount was likely to result in the need for a supplemental appropriation.

The lack of an appropriation in FY 91, coupled with the increased level of disaster activity both last year and this year, has caused the current situation. FEMA has provided OMB with periodic status reports on the Disaster Relief Fund throughout FY 91, and worked closely with OMB to determine the precise amount of shortfall.

6. Question. When you testified before the Appropriations Committee, were you aware that FEMA would need additional funds? If so, did you indicate to the Committee that there would be a need for supplemental appropriations?

Answer. In response to a question from Congressman Bill Green at the March 19, 1991, hearing before the House Appropriations Committee, I stated that "We believe that we are not going to be able to reimburse for all of the public assistance projects that may be eligible and submitted by the end of the year." Although the words "supplemental appropriation" were not used, I affirmed Congressman Green's statement at that hearing that the Disaster Relief Fund would have a zero balance and accrued liabilities at the end of Fiscal Year 1991.

7. Question. You use the term "historic average" when referring to the amount of appropriations requested by FEMA each year. Obviously this "average" doesn't meet the obligation needs for this year and possibly next. Why isn't FEMA able to project obligations coming due in each fiscal year from damage survey reports?

Answer. FEMA is able to project obligations coming due each fiscal year from damage survey reports. The fact that the obligation needs this year and possibly next are above the "historic average" level is a direct result of the unprecedented obligations required by the Hurricane Hugo and Loma Prieta disasters and those needed for the unusually high number of disasters occurring in FY 1990 (30 - an average year has 24 declarations) and FY 1991 (31 declarations in the first 9 months of the year).

8. Question. How does FEMA determine what obligations will come due during any given fiscal year? How accurate have you been in the past?

Answer. It is not possible to know when disasters are going to occur, thus FEMA estimates the amount of funds that will be obligated in any given fiscal year on the basis of historical trends. The historical average of funds obligated in any given fiscal year is $302 million. That figure has proven to be relatively accurate when taken over a number of years, but it varies substantially from year to year. Also, it does not begin to account for the funds necessary to meet disasters of the magnitude of Hurricane Hugo or the Loma Prieta Earthquake.

9. Question. What changes have you made in your accounting system or budgeting system to lessen the chances of a shortfall of the current magnitude from recurring?

Answer. The Disaster Assistance Program has initiated a new interim reporting system whereby field offices are required to project program liabilities for each disaster for the current year, for the next two years, and for outyears. Although a labor intensive effort both in the field and in Headquarters, where the figures will be analyzed and summarized, we feel this effort will significantly improve FEMA's ability to accurately project when program liabilities will occur. This will allow the Disaster Assistance Program to include more accurate estimates of prior year liabilities in the annual budget submission.

For the long term, we believe improvements are necessary to FEMA's automated program management information system to permit these types of projections to be collected, stored, retrieved, and manipulated electronically in the field and at Headquarters; the projections should also be transmitted electronically in a reliable way into the Agency's financial management system.

These changes combined with receipt of adequate, consistent budget allocations each year can be expected to greatly reduce the chances of future budget shortfalls.

10. Question. Has FEMA changed the process by which the total funds expended on particular disaster assistance grants are calculated to better project the anticipated costs for the coming fiscal year?

Answer. FEMA is continually trying to improve the process by which estimates of total funds to be expended on particular disaster assistance grants are calculated. Anticipated costs for the coming fiscal year consist of two separate cost items, obligations from previous year disasters, and that portion of the coming fiscal year's disasters that will be obligated during that year. FEMA is addressing the first item through improved reporting and tracking. The second item can be addressed only by projecting historic trends to the coming fiscal year since FEMA is unable to predict the number and size of future disasters.

11. Question. Has the Inspector General (IG) looked into the shortfall of funds for the disaster relief program? Do you anticipate any report on this?

Answer. The IG has not been asked to investigate this matter; we do not expect a report on it. FEMA's Office of Disaster Assistance Programs, in concert with the Comptroller's Office and the Office of Management and Budget, has been intensively working on the issue, and is developing improved methods of estimating disaster assistance funding needs. Therefore, there is no need for the IG's involvement at present.

12. Question. Will there be a request for a supplemental appropriation for FY 1991? If so, what amount will be requested? Will there be a request for additional funds for FY 1992, and if so, in what amount?

Answer. The Administration has requested a supplemental appropriation of $693 million for FEMA's Disaster Relief Fund for FY 1991. Also included in the submission is a request for an additional $90 million above the Administration's previous request for the Disaster Relief Fund in FY 1992.

13. Question. Aside from your decision to withhold public assistance funds, what other actions might be necessary if the Congress does not provide supplemental funding in FY 1991?

Answer. At the present time, I remain hopeful that no further actions will be necessary. If additional actions are required, however, the Disaster Assistance Program would first identify any administrative costs which could be curtailed until further funds are available. If this action did not result in sufficient savings to address a projected shortfall, FEMA would have no other choice but to make cuts in its Individual and Family Grant Program, which provides funding directly to those individuals affected by disasters and, as a last resort, would curtail expenditures for public health and safety projects.

14. Question. Pursuant to an oral request from Subcommittee staff, please provide a listing by name of all current open disasters, including their dates of occurrence and cost estimates of all outstanding obligations. Please include an accounting of your spend-out rate.

Answer. Enclosed is a listing of all open disasters and outstanding obligations.

I trust the above information is helpful. If you have any further questions, please have a member of your staff contact our Office of Congressional Affairs at 646-4500.

Sincerely,

Wallace E Stickney

Wallace E. Stickney
Director

Enclosures

Federal Emergency Management Agency
Washington, D.C. 20472

MAY 6 1991

The Honorable John Glenn
Chairman, Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I am pleased to be able to provide you with a comprehensive statement of the actions that have been taken in response to recommendations contained in the report issued by the General Accounting Office (GAO) entitled: Disaster Assistance: Federal, State, and Local Responses to Natural Disasters Need Improvement (GAO/RCED-91-43). The report reviewed the response of the Federal Emergency Management Agency (FEMA) and other agencies to the major disasters resulting from Hurricane Hugo (September 1989) and from the Loma Prieta earthquake (October 1989). The GAO recommendations to this agency and our responses are as indicated below.

Recommendation #1

> Request that State and local emergency management agencies incorporate recovery activities into their emergency plans and help provide appropriate training to State and local disaster management personnel.

1. Emergency Plans Include Recovery Phase.

FEMA guidance for State and local emergency planners requires them to include provisions for preparedness, response, and recovery activities in the Emergency Operations Plans developed for their jurisdictions. FEMA's Civil Preparedness Guide (CPG) 1-8, *Guide for the Development of State and Local Emergency Operations Plans*, states that one purpose of the plan is "to provide for recovery in the aftermath of any emergency involving extensive damage or other debilitating influence on the normal pattern of life within the community." Although the FEMA guidance has emphasized the ability to accomplish short-term recovery, that is, "those actions taken to assess damage and return all vital life support systems to minimum operating standards," the plans are required to cover activities before, during, and after emergency operations. The State and local plans must reflect all the actions an emergency organization should take to recover from a disaster and return to normalcy.

The quality of Emergency Operations Plans and capabilities varies among the State and local jurisdictions. As a result, some areas of the country may have failed to provide a means for continuing disaster operations into the recovery phase. In an attempt to correct such deficiencies and strengthen this aspect of emergency operations, the Director's emphasis in the FY 1992 Comprehensive Cooperative Agreement (CCA) Guidance specifically states that "State and local planners should ensure that their Emergency Operations Plans include adequate post-emergency provisions to speed recovery operations." The CCA Program Requirements for both Emergency Management Assistance and Population Protection Planning reiterate the need to include provisions for recovery in the Emergency Operations Plans.

The CCA includes an annual grant to each State called the Disaster Preparedness Improvement Grant. The States use these funds to update their emergency response plans and to train personnel. FEMA is working with the States, through this grant process, to develop new training materials and courses for State and local personnel.

2. Training Courses Include Recovery Phase.

As noted in the GAO report, FEMA has an active program to provide training to State and local disaster management personnel through its Emergency Management Institute (EMI) at Emmitsburg, Maryland. Prior to Hurricane Hugo, much of the available training focused on planning and preparedness rather than specific response and recovery skills. However, the four courses listed below address response and/or recovery skills. In order to enhance its curriculum to meet the needs of Federal, State, and local emergency management personnel, EMI, working with program offices, has taken a number of actions since Hugo and Loma Prieta to expand and improve training related to response and recovery.

- The Integrated Emergency Management Course (IEMC) immerses participants in the practical application of emergency management functions--planning, preparedness, response and recovery--through participation in an emergency simulation. In addition to existing IEMC's that address technological, earthquake, and national security hazards, in Fiscal Year (FY) 1992 EMI will develop an IEMC hurricane course that will include a response and recovery exercise. There is a recovery phase exercise in all IEMC earthquake specific courses. Depending on the hazard addressed, the IEMC site-specific courses (i.e., those delivered for a specific city or county) may include recovery modules.

- The State Public Assistance Program Managers course trains Federal, State, and local emergency managers in disaster recovery operations in the public assistance area. This course is currently being revised and updated. It is given once a year, and was offered most recently in March 1991.

- The Natural Hazards Mitigation and Recovery course is designed to teach participants how to develop and implement effective hazard mitigation and provide knowledge about disaster recovery planning for both a Presidentially declared and a non-declared disaster. This course was recently updated to emphasize the interrelationships between mitigation and recovery.

- EMI's field course, Disaster Recovery Operations, is designed for State and local emergency managers who would become part of disaster recovery staffs. This course is currently being updated to include Stafford Act changes.

EMI also provides four field training courses in mitigation; all address the importance of mitigation in the recovery phase. The courses deal with mitigation planning on various levels, such as interagency, regional, State, and local.

3. Curriculum Changes Stress Recovery Phase.

A. The recovery phase has been incorporated into the planning curriculum at EMI. A front-end analysis of the knowledge and skills required in emergency management for State and local planners is being conducted and will serve as the basis for revision of the planning curriculum. EMI plans to ensure that recovery planning is addressed in the curriculum.

B. The response/recovery training for the related emergency services and the public has been expanded.

  - EMI has assisted the American Public Works Association with development of a workshop in response/recovery operations for public works personnel. The Association offers this course throughout the Nation.

  - EMI is developing field training packages for police and public works officials on the Incident Command System. This training is consistent with training already provided by the National Fire Academy and will provide participants with a more integrated response capability.

- EMI is developing a Home Study course for the Office of Disaster Assistance Programs (DAP). This self-directed course provides an orientation for the general public on disaster assistance and the resources available to help individuals and communities recover from disasters. In FY 1992 EMI will develop another DAP Home Study course that will be targeted to emergency management officials and disaster reservists, providing them with the knowledge of DAP programs and procedures that will enable them to assist in disaster recovery work.

C. Training for public officials has been expanded.

- EMI has initiated the development of a Disaster Recovery Seminar for public officials. This course will acquaint public officials with their roles and responsibilities during the response and recovery phase. It is projected that the course will also include the development of a job aid for public officials addressing key actions and responsibilities in an emergency situation.

- In addition, EMI is working with FEMA regional offices to market several existing courses and targeting them more actively at public officials and their senior emergency management personnel. These courses cover public policy and contemporary issues in emergency management, response to accidents involving radioactive or other hazardous materials, and protecting the food supply.

D. Field course evaluation has been improved. EMI implemented a field evaluation system in FY 1990 which provides feedback to EMI, the FEMA regional offices, and the States on field course effectiveness, recommendations for improving content and delivery, and some profile data on the type of audience trained.

4. New Visual Aids and Briefings Developed.

DAP has developed a number of new visual aids and briefing materials to improve communication with State and local officials and other audiences. One is a set of 35 slides covering disaster assistance in a general way; it can be adapted for use with various audiences, including potential applicants and anyone assigned to work in a Disaster Field Office (DFO) who is not familiar with the programs. A 24-minute video has also been developed, primarily for use with DFO employees. It covers types of assistance available, introduces the principal officials, and tells employees what

> is expected of them. A one-day course has been developed on how to perform a Preliminary Damage Assessment; a State must perform such an assessment as the basis for its request to the President for disaster assistance. With the assistance of North Carolina emergency response officials, FEMA has made training materials (a student manual and an instructor's manual) for a Disaster Recovery Course available to all States.

Recommendation #2

> Request that States establish monitoring systems to help ensure that local jurisdictions correct problems and weaknesses identified during emergency training exercises and drills.

Monitoring systems have been established within the Office of Civil Defense to help ensure that corrective actions are taken by States and local jurisdictions as a result of lessons learned from exercises. These systems include the 4-Year State Exercise Work Plans, which reflect the commitment by States to schedule and conduct exercises, and the Standard State/Regional Summary Evaluation Report, which requires an assessment of the exercises. Improvements have also been made in FEMA training programs to ensure accomplishment of this objective.

1. Exercise Policy Clarified.

FEMA's Office of Civil Defense initiated a State and Local Exercise (SLE) program in 1987. The SLE National Evaluation Report for FY 1988 was the first comprehensive analysis of the status of the Comprehensive Cooperative Agreement (CCA) SLE Program as accomplished by States and local jurisdictions. The report cited actions that needed to be taken by FEMA headquarters and regional offices and at the State and local levels.

To implement these recommendations, FY 1990 guidance to States for the first time stressed the need for qualitative as well as quantitative information in exercise evaluations. The objective of the SLE Program is, through exercises, to test and evaluate the operational capabilities of State and local governments to respond to emergencies. Exercises also test the effectiveness of Federal programs that support development and maintenance of State and local emergency operations capabilities.

In FY 1991, the guidance on other programs included in the CCA and having exercise requirements was modified to stress the need for States to coordinate exercise findings, lessons learned, and evaluation results. Another improvement made in FY 1991 is that increased attention has been given to the need for a strong, visible focal point for exercises in FEMA headquarters. A new Exercise Branch was established within the Office of Civil

Defense, and staffing was increased from one professional employee to six professional personnel.

FEMA guidance for States and local jurisdictions requires each State to develop a 4-Year State Exercise Work Plan. The current 4-year cycle is from FY 1990 through FY 1993. The State must submit a schedule of exercises to FEMA at the beginning of each 4-year cycle, submit an annual update for each subsequent year within the cycle, and provide a closeout report at the end of the cycle.

The Standard State/Regional Summary Evaluation Report consists of seven questions designed to obtain qualitative information on the overall operational capability and program effectiveness as revealed by exercises; a summary of achievements, highlights, and improvements; and analyses of actual observations of exercises. States are also required to complete and submit to FEMA a Disaster Response Questionnaire when they have experienced an actual disaster.

2. Training for Exercise Evaluation Improved.

Recognizing the importance of exercising in building response skills and capabilities, EMI allowed States to use training funds provided through the Comprehensive Cooperative Agreement (CCA) to hire an Exercise Training Officer, who would be responsible for assisting communities in the design, conduct, and evaluation of exercises. This program started in FY 1984 and has continued to grow and improve over the years. In 1989, a total of 4,702 exercises (with over 647,587 participants) were held by State and local jurisdictions. While not yet complete, the FY 1990 data show a similar level of participation.

Even though feedback on the exercise training program has been very positive, EMI has recently initiated a number of actions to improve exercise evaluation and follow-up, partly as a result of lessons learned from Hugo and Loma Prieta.

A. Exercise evaluation is emphasized.

- o In FY 1992 Exercise Training Officers will be required as part of the CCA to evaluate at least eight State/local exercises. Furthermore, they will work with State and local jurisdictions to document exercise objectives, identify shortfalls and propose remedial actions.
- o The FY 1991 annual Region/State Exercise Training Officer Conference will include a session on how to design, conduct and evaluate recovery exercises. Previous conferences have addressed

lessons learned from exercises and actual disasters.

- o EMI is currently developing an Exercise Evaluation course for field delivery designed to increase the effectiveness of exercise evaluation at the State and local levels. The primary audience will be those individuals who are responsible for managing the exercise evaluation process and/or functioning as exercise evaluators. Areas of emphasis will include the use of objective criteria and the development of evaluation protocols.

B. Feedback on exercise deficiencies has been automated.

- o A computer program developed to track State and local exercise data has recently been modified to facilitate feedback to local jurisdictions regarding their exercises and also to State and regional CCA program managers. The new system is designed to improve the identification of problem areas and the required corrective actions.

C. Training and exercise programs in the Territories have been re-evaluated to improve effectiveness.

- o EMI and FEMA Region II are currently working with the Virgin Islands Territory Emergency Management Agency to consolidate the State Training Officer and the Exercise Officer positions. This should improve the conduct and evaluation of exercises, as well as the definition of remedial actions necessary to solve identified problems. The exercise program will also result in a clearer definition of training needs.

Recommendation #3

Periodically provide natural disaster training to the Federal Emergency Management Agency (FEMA) headquarters and regional office staff who are not assigned to DAP, but who may be needed during large scale disasters.

During 1990 DAP's Individual Assistance Division trained 110 non-DAP headquarters personnel in the registration system used in Disaster Field Offices (DFO's). During 1991 these staff members are being deployed to DFO's and the National Teleregistration Center to act as registrars. These assignments provide the personnel an opportunity to exercise their newly acquired skills and enhance FEMA's ability to respond to wide-scale emergencies. The registration process is currently being automated, so additional training will be provided when this process is complete.

While it is primarily the responsibility of DAP to train FEMA staff on their programs, EMI supports this effort with two resident courses for FEMA staff on disaster assistance issues:

- The Federal Coordinating Officer/Disaster Recovery Manager (FCO/DRM) course, which teaches potential FCO's and DRM's their roles and responsibilities in disaster response and recovery operations.
- The DAP Management Skills Workshop trains DAP staff on managing human resources in disaster field offices.

EMI also has several courses designed for State and local officials that provide critical information that would be equally useful for Federal personnel. While a number of FEMA and other agency personnel attend these courses, EMI will market them more aggressively to Federal personnel. These courses include seven of the courses mentioned in response to Recommendation #1, above.

EMI has taken a number of actions since Hugo and Loma Prieta to enhance disaster assistance training provided to FEMA personnel.

- EMI conducted front-end analysis of five critical disaster assistance jobs usually performed by disaster reservists. Based on the data collected, EMI is developing job aids and on-the-job-training packages which can be used to train reservists and FEMA staff to perform these jobs.
- EMI plans to conduct a front-end-analysis of the knowledge and skills required in response and recovery functions for the FCO's and DRM's. This will serve as a basis for developing an appropriate training curriculum.

Recommendation #4:

> Clarify, where appropriate, the roles and responsibilities of involved Federal agencies by developing memoranda of understanding (MOU), or other suitable methods, to improve coordination with such agencies.

We have made major progress in addressing this recommendation. Twenty-seven Federal agencies have agreed on a single plan for responding to major disaster situations that require rapid Federal action to save lives or protect property. Known as the Federal Response Plan, it can be applied to many types of incidents, whether due to natural causes, technological causes, or terrorist activity. The plan identifies 12 Emergency Support Functions that might be needed in such a situation, including mass care, medical services, and urban search and rescue.

Appropriate Federal agencies are assigned lead and support roles to carry out each of these functions at the disaster site.

The plan establishes an organizational structure for both the field and headquarters. At headquarters, it is implemented through an interagency team known as the Catastrophic Disaster Response Group (CDRG), composed of representatives of the 27 agencies. Although the plan establishes clear lines of authority, the exigencies of emergency situations require that priorities be set, and the CDRG is the vehicle for resolving the policy issues associated with setting priorities.

In addition, FEMA maintains MOU's several agencies with regard to specific types of disaster assistance. For example, the MOU with the U.S. Army Corps of Engineers provides that the Corps will assign personnel to assist with damage surveys and provide technical assistance. A task force has been established with field and headquarters representatives to review this MOU in light of Hurricane Hugo and Loma Prieta Earthquake experience and suggest revisions if appropriate.

To address the coordination problem that occurred between FEMA and the Soil Conservation Service in South Carolina after Hurricane Hugo, FEMA held a meeting to establish a task force of field and headquarters staff from both agencies for the purpose of developing an MOU that will define areas of responsibility for the two agencies in providing disaster assistance. We hope to complete work on the MOU by September 30, 1991.

Recommendation #5:

> Improve FEMA's computer system to help ensure that duplicate applications for assistance are immediately identified and that automated registration information is available to other agencies for their use in administering disaster assistance programs.

Applications for disaster assistance are processed in FEMA's Automated Disaster Assistance Management System (ADAMS), which is operated on networked personal computers located in the DFO. Applications are also taken by phone at FEMA's National Teleregistration Center. At the time of Hurricane Hugo, cross-checking of applications was done manually, on names and addresses only. Several improvements have been made since then, and others are under way, to address the problem of duplicate applications, inspections, and disbursements. A method of cross-checking applications is currently being tested at the teleregistration center, but is limited to applications taken there. The Individual Assistance (IA) module of ADAMS has been expanded to accept the applicant's telephone number and electric meter number. A complete redesign of the IA module is in process. When this redesign is completed, it will be possible to cross-check all applications, regardless of where or how they are received, by names, addresses, Social Security numbers, and phone numbers, including multiple phone numbers at the same address. A cross-check on electric meter numbers can be added, if required.

Other agencies can currently read the information contained in the ADAMS data base, by using computers at the DFO, or via a telephone connection. As part of the redesign of the IA module, an option is being added to allow exporting applicant information to computer text files for use by other agencies.

Recommendation #6:

> Cooperate with the Department of Education in the repair or restoration of public schools so that duplicate damage inspections do not occur and schools receive necessary financial assistance more promptly.

FEMA and the Department of Education have agreed, and the Administration is proposing in the 1992 budget submission, that FEMA assume the total responsibility for assisting educational facilities which have been damaged as a result of a major disaster. With a transfer of responsibility to FEMA to assist all educational facilities, the previous coordination problem will be resolved and public school districts will have to deal with only one agency.

Recommendation #7:

> Coordinate with the Secretary of HUD and other appropriate Federal, State, local, and voluntary relief agencies to develop a suitable housing recovery plan for low income victims.

FEMA considers coordination with other agencies in the provision of all types of disaster assistance to be an integral part of normal operations. With regard to the Temporary Housing Program, the coordination was expanded in 1990 by including the Interagency Council on the Homeless at both the regional and headquarters levels. FEMA will continue to coordinate with the appropriate agencies and expand that coordination role as necessary to ensure that effective post-disaster housing options for low income victims are available.

We anticipate the passage of Public Law 101-625, the Cranston-Gonzales National Affordable Housing Act, which will enable HUD to increase funding in several different housing programs in the aftermath of a Presidential major disaster declaration, thus benefiting particularly the low income victims.

It should be noted, however, that FEMA's involvement in total replacement of low income housing will remain quite limited. The design, construction, and funding of low income housing is subject to a plethora of variables at the Federal, State and local levels. These include city and county long-range master plans for redevelopment; available funding from Federal, State and private housing agencies; public hearings on zoning and land use; the reluctance of private owners to rebuild or invest in low income housing; the restraints on architectural design of new large-scale projects; and the usually slow pace of construction work in such projects. It is not possible for FEMA to involve its housing assistance program with these variables, since our aim is simply to provide suitable housing for those needing such assistance after a disaster, and do so as rapidly as possible.

A disaster of the magnitude of Hugo or Loma Prieta can magnify existing housing problems and cast FEMA as the agency responsible for immediately rectifying long-standing and often controversial local housing problems. Despite these perceptions, FEMA is charged only with meeting disaster-related housing needs, not with addressing chronic non-disaster related problems.

There are, nevertheless, changes that need to be made in responding to future catastrophic disasters and we are in the process of re-evaluating our existing policy, procedures, and guidance and implementing changes where appropriate. These changes include added emphasis on the need to coordinate disaster response with overall efforts to provide low income housing so as to assure adequate assistance to low income victims and minimize disruption of ongoing efforts to address the chronic problem of affordable housing.

I appreciate having had the opportunity to respond to the recommendations made by GAO to FEMA. On the whole, we consider the GAO report to be a fair and balanced assessment of FEMA's and other Federal agencies' response to what was a unique series of events in the history of Federal disaster relief activities. Perhaps the most basic lesson we have learned is that we must be prepared for natural disasters that are much more devastating than we have experienced in the past.

If you should need further information, please have a member of your staff contact our Office of Congressional Affairs at (202) 646-4500.

Sincerely,

Wallace E Stickney

Wallace E. Stickney
Director

PRESIDENTIAL DISASTER DECLARATIONS
(Requiring additional Obligations)

DISASTER NUMBER	STATE	DATE DECLARED	INCIDENT	PROJ'TD REMAINING OBLIGATIONS
Fiscal Year 1978:				
547	California	02/15/78	Storms/Flood/Mudslid	$221,116
Fiscal Year 1980:				
615	California	02/21/80	Storms/Flood/Mudslid	$3,000,000
623	Washington	05/21/80	Mt.St. Helens Erupt.	$607,823
Fiscal Year 1982:				
665	Colorado	07/22/82	Flsh Fld -Dam Failed	$1,000
Fiscal Year 1983:				
677	California	02/09/83	Strms/Flds/M-Slds/To	$3,020,252
680	Utah	04/30/83	S Storms/Fld/L-Slide	$21,273
Fiscal Year 1984:				
701	New Jersey	04/12/84	Coastal Strms/Floodi	$6,235
702	New York	04/17/84	Coastal Strms/Floodi	$12,009
720	Utah	08/17/84	Strms/Fldg/L&M Slide	$122,000
Fiscal Year 1985:				
736	Puerto Rico	05/31/85	Strms/Fldg/L&M Slide	$178,400
737	Pennsylvania	06/03/85	Strms/Winds/Tornadoe	$1,000
742	Alabama	09/07/85	Hurricane Elena	$63,000
Fiscal Year 1986:				
745	Pennsylvania	10/08/85	Hurricane Gloria	$6,587
746	Puerto Rico	10/10/85	Storms/Flood/Mudslid	$331,300
749	New Jersey	10/15/85	Hurricane Gloria	$35,026
750	New York	10/18/85	Hurricane Gloria	$40,689
753	West Virginia	11/07/85	S Storms/Flooding	$278,700
754	Pennsylvania	11/09/85	S Storms/Flooding	$908
755	Virginia	"	S Storms/Flooding	$163,670
758	California	02/21/86	S Storms/Flooding	$1,556,006
761	Montana	03/15/86	Rains/Flood/Landslid	$82,492
764	South Dakota	05/06/86	S Storms/Flooding	$64,269
765	Trust Territor	06/06/86	Typhoon Lolo	$140,000
768	Puerto Rico	07/26/86	Rains/Flood/Mudslide	$98,168
774	Michigan	"	S Storms/Flooding	$381,000

DISASTER NUMBER	STATE	DATE DECLARED	INCIDENT	PROJ'TD REMAINING OBLIGATIONS
Fiscal Year 1987:				
776	Illinois	"	S Storms/Flooding	$321,575
777	Montana	10/14/86	S Storms/Flooding	$39,200
778	Oklahoma	"	S Storms/Flooding	$36,194
785	American Somoa	01/24/87	Typhoon Tusi	$39,567
786	Micronesia	02/02/87	Typhoon Orchid	$560,000
788	Maine	04/09/87	S Storms/Flooding	$853,040
789	New Hampshire	04/16/87	S Storms/Flooding	$50,500
790	Massachusetts	04/18/87	S Storms/Flooding	$50,455
792	New York	05/15/87	Flooding	$697,771
797	Minnesota	08/06/87	S Storms/Torna/Flood	$35,000
798	Illinois	08/21/87	S Storms/Flooding	$55,000

DISASTER NUMBER	STATE	DATE DECLARED	INCIDENT	PROJ'TD REMAINING OBLIGATIONS
Fiscal Year 1988:				
799	California	10/07/87	Earthquake/Shocks	$2,039,652
800	North Carolina	11/03/87	Typhoon Lynn	$65,000
801	New York	11/10/87	Severe Winter Storm	$94,820
803	Micronesia	11/25/87	Typhoon Nina	$52,392
805	Puerto Rico	12/17/87	S Storms/Flooding	$2,017,413
809	Marshall Islan	01/16/88	Tropical Sotrm Roy	$75,806
810	Guam	01/20/88	Typhoon Roy	$375,801
811	North Marianas	"	Typhoon Roy	$51,550
812	California	02/05/88	S Storms/H Tides/Flo	$568,451
813	Alaska	03/11/88	Fire	$57,700
815	California	09/29/88	Wildfires	$50,575

DISASTER NUMBER	STATE	DATE DECLARED	INCIDENT	PROJ'TD REMAINING OBLIGATIONS
Fiscal Year 1989:				
817	Arkansas	11/23/88	S Storms/Tornadoes	$792,045
820	Utah	01/31/89	Dike Failure/Floodin	$61,271
821	Kentucky	02/24/89	S Storms/Flooding	$2,423,942
822	Washington	04/14/89	Rains/Flood/Mudslide	$129,692
823	Texas	04/23/89	S Storms/Flooding	$130,000
824	Minnesota	05/08/89	Flooding	$818,607
825	North Dakota	05/08/89	Flooding	$95,000
826	Alaska	05/10/89	Severe Freezing	$3,525,753
827	North Carolina	05/17/89	Tornadoes	$4,271,589
828	Texas	05/19/89	S Storms/Torna/Flood	$34,728
829	Louisiana	05/20/89	S Storms/Flooding	$37,000
830	Maine	06/07/89	S Storms/Flooding	$68,927
832	Alaska	06/10/89	Flooding	$735,380
834	Kentucky	06/30/89	S Storms/Flooding	$1,100,889
835	Louisiana	07/17/89	Tropical S Allison	$450,068
837	Connecticut	07/17/89	S Storms/Tornadoes	$226,503
838	Dist of Columb	08/28/89	S Storms/ High Winds	$13,362
839	Maryland	"	S Storms/ High Winds	$78,345
840	Vermont	09/11/89	S Storms/Flooding	$27,012
841	Virgin Islands	09/20/89	Hurricane Hugo	$63,283,081
842	Puerto Rico	09/21/89	Hurricane Hugo	$24,371,978
843	South Carolina	09/22/89	Hurricane Hugo	$41,129,956
844	North Carolina	09/25/89	Hurricane Hugo	$15,868,030

DISASTER NUMBER	STATE	DATE DECLARED	INCIDENT	PROJ'TD REMAINING OBLIGATIONS
Fiscal Year 1990:				
845	California	10/18/89	Loma Prieta Earthqua	$359,498,653
846	Kentucky	10/30/89	S Storms/Mudslid/Flo	$1,072,832
847	Virginia	11/08/89	S Storms/Mudslid/Flo	$293,389
848	Alabama	11/17/89	S Storms/Tornadoes	$452,000
849	Louisiana	11/22/89	Heavy Rains/Flooding	$0
850	Texas	01/09/90	Severe Freeze	$0
851	Florida	01/15/90	Severe Freeze	$58,684
852	Washington	01/18/90	S Storms/Flooding	$6,933,287
853	Oregon	01/18/90	S Storms/Flooding	$172,479
854	North Marianas	01/18/90	Typhoon Koryn	$167,000
855	American Samoa	01/18/90	Hurricane Ofa	$2,536,926
856	Alabama	02/17/90	S Storms/Torna/Flood	$1,167,018
857	Georgia	02/23/90	S Storms/Torna/Flood	$1,135,036
858	Tennessee	02/27/90	S Storms/Flooding	$650,223
859	Mississippi	02/28/90	S Storms/Torna/Flood	$1,752,331
860	Illinois	03/06/90	S Ice Storm	$202,202
861	Alabama	03/21/90	S Storm/Torna/Flood	$2,881,475
862	Florida	04/03/90	S Storms/Flooding	$30,486
863	Texas	05/02/90	S Storm/Torna/Flood	$3,399,001
864	Hawaii	05/18/90	Kilauea Volcano	$4,367,069
865	Arkansas	05/15/90	S Storms/Flooding	$912,001
866	Oklahoma	05/18/90	S Storm/Torna/Flood	$2,777,150
867	Missouri	05/24/90	S Storms/Flooding	$1,772,145
868	Iowa	05/26/90	S Storms/Flooding	$2,897,418
869	Indiana	06/04/90	S Storm/Torna/Flood	$1,157,837
870	Ohio	06/06/90	S Storm/Torna/Flood	$324,854
871	Illinois	06/22/90	S Storm/Torna/Flood	$600,000
872	California	06/30/90	Fires	$2,906,090
873	Nebraska	07/04/90	S Storm/Torna/Flood	$387,154
874	Wisconsin	07/13/90	S Storm/Torna/Flood	$1,550,957
875	Vermont	07/25/90	S Storms/Flooding	$556,987
876	New Hampshire	08/29/90	S Storms/Flooding	$387,734
877	Wisconsin	08/30/90	S Storms/Flooding	$42,835
878	Illinois	08/29/90	Tornadoes	$603,135
879	Iowa	09/06/90	S Storms/Flooding	$529,518

DISASTER NUMBER	STATE	DATE DECLARED	INCIDENT	PROJ'TD REMAINING OBLIGATIONS
Fiscal Year 1991:				
880	Georgia	10/19/90	S Storms/Flooding	$1,422,985
881	South Carolina	10/22/90	S Storms/Flooding	$1,805,110
882	Palau	11/28/90	Typhoon Mike	$3,213,806
883	Washington	11/26/90	S Storms/Flooding	$15,765,609
884	Arizona	12/06/90	S Storms/Flooding	$579,179
885	Indiana	"	S Storms/Flooding	$1,158,700
886	Micronesia	12/14/90	Typhoon Owen	$13,956,152
887	Guam	12/24/90	Typhoon Russ	$7,668,325
888	Mississippi	01/03/91	S Storms/Torna/Flood	$1,157,615
889	Tennessee	01/04/91	S Storms/Flooding	$1,499,158
890	Alabama	"	S Storms/Flooding	$1,487,754
891	Indiana	01/05/91	S Storms/Flooding	$813,346
892	Micronesia	01/17/91	Typhoon Russ	$2,555,001
893	Kentucky	01/29/91	S Storms/Flooding	$571,585
894	California	02/11/91	Severe Freeze	$1,271,303
895	Mississippi	03/05/91	S Storms/Flooding	$528,981
896	Washington	03/08/91	S Storms/High Tides	$1,566,322
897	Georgia	03/15/91	S Storms/Flooding	$1,076,672
898	New York	03/21/91	Severe Winter Storm	$50,438,936
899	Indiana	03/29/91	Severe Ice Storm	$23,200,063
900	Texas	04/12/91	S Storms/Tordoes/Flo	$9,324,984
901	Maine	04/19/91	S Storms/Ice Jams/Fl	$9,751,326
902	Louisiana	04/23/91	S Storms/Flooding	$1,604,283
903	Kansas	04/29/91	S Storms/Tornadoes	$2,162,911
904	Louisiana	05/03/91	S Storms/Tordoes/Flo	$10,868,258
905	Oklahoma	05/08/91	S Storms/Tornadoes	$1,712,403
906	Mississippi	05/17/91	S Storms/Tordoes/Flo	$1,050,975
907	Arkansas	05/30/91	S Storms/Flooding	$2,273,800
908	Nebraska	05/28/91	S Storms/Flooding	$5,091,883
909	Alaska	05/30/91	H Snow/Fld/Ice Jams	$2,733,445
910	Tennessee	06/21/91	S Storms/Flooding	$3,666,802
	NTC	91/92/93	Teleregistration	$2,085,133
	42xx & HQ	91/92/93	PDA/ADAMS/Unemploy	$12,196,323

Total Cost Estimates for Existing DR's as of 7/12/91	$778,728,577
Projected, Undeclared DRs for Remainder of FY 1991:	$133,000,000
Total Requirements for DR's Existing and Undeclared: (Through Sept. 1991)	$911,728,577

Mr. **Borski**. Thank you.

[Mr. Stickney's prepared statement appears on page 226.]

Mr. **Borski**. This hearing is adjourned.

[Whereupon, at 1:40 p.m., the subcommittee adjourned, to reconvene at the call of the Chair.]

PREPARED STATEMENTS OF WITNESSES

TESTIMONY OF

MR. MATT COFFLAND
MEAD TOWNSHIP TRUSTEE
MEAD TOWNSHIP
BELMONT COUNTY, OHIO

MAY 15, 1991

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

OF THE

HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE

Thank you for allowing me this opportunity to speak here today. A special thanks to Congressman Applegate and his staff.

My name is Matt Coffland. I am one of three township trustees in Mead Township, Belmont County, Ohio. As you know, the residents of Mead Township were devastated on June 14, 1990, from a flash flood along two of our creeks--Pipe Creek and Wegee Creek.

As you also know, 26 people died in the flooding. Homes were lost or damaged and other property was either destroyed or damaged.

Unlike much of the country, the Upper Ohio Valley region, where our township is located, is economically depressed. The once highly productive coal mines that once provided so much for so many are now practically non-existent. So the tragedy that fell upon us last summer made a difficult situation even far worse.

The vast majority of us had never experienced such tragedy. During the week the flood hit, the township trustee's biggest concern was that the grass mower on our tractor was broken and we were debating whether to fix it or buy a new one. That small issue was quickly forgotten once the rains of June 14 came.

Our community became swamped with media, military, area rescue crews and government agencies. It was very overwhelming. We learned what to do, and how to do it, the hard way--and in a hurry.

Among the many government agencies we came into contact with, was FEMA.

Overall, the township trustee gives FEMA a "very good" rating. FEMA's representatives were very cooperative and very helpful. They were patient with us and took a lot of time with us in determining the damages to our roads and drainage systems. They were very accurate and fair in assessing our damages. FEMA acted very quickly in sending financial assistance to us so we could begin the repair and replacement of our roadways and drainage systems. For this, we say thank you.

One area of concern, deals with FEMA's regulations in its assistance to the flood victims. Please do not take this the wrong way, FEMA did a good job based on the rules and regulations in which it is governed. It is, however, the rules and regulations that perhaps need further study.

I know you have heard it many times before about this country sending millions overseas when it seems not enough says at home to help Americans in need. I am not saying there are not worthy causes overseas, I am saying, however, that perhaps more money should be available when tragedy hits Americans.

Many of our residents affected by the flood were of the low to moderate income level. Those who did qualify for the FEMA's $10,400 were grateful for that amount, but with all due respect, it did little to get these residents back on their feet. In some cases, those who did not qualify for the entire amount, had to borrow money and/or rely on other sources for assistance. I am not saying it is the government's entire responsibility is to rebuild these people's lives back to where it was prior to the flood, but I am saying that perhaps the amount of money available to them should be higher.

I do believe that FEMA needed to spend a little more time with the flood victims. I think the interview and investigative process went a bit too quickly.

Also, the requirements that decided whether funds should be granted could be somewhat less restrictive. Again, stop and think about the millions we send in a moment's notice overseas when tragedy strikes some other nation. Then think about the people of this country, and in this case, Mead Township, and how difficult it has been for these people--good people who have paid their fair share to the government in the form of taxes--and in some cases, as veterans of war.

One case comes to mind of a couple who are about 70 years-old. They had a small, well kept home and attractively landscaped property along Pipe Creek. The husband worked very hard his entire life to have this comfortable surroundings. Once the flood waters lowered, there was nothing left on his property with the exception of a few trees. The couple fell in the middle. They fell through the cracks. His retirement pension made him ineligible for FEMA and an SBA was out-of-the question at his age. He felt as though he worked hard for many years, paid his taxes, and then left out in the cold.

The story of this couple is not the only one. There were many others who faced the same or similar problem.

In conclusion, again I want to state that the township trustees believe FEMA did a very good job for them. They also did a very good job for the residents, based on the guidelines by which they operate. We only wish those guidelines would come under closer examination to make sure there is more FEMA can do for Americans when disaster strikes. Thank you.

TESTIMONY OF

JEROME M. HAUER, DIRECTOR
INDIANA STATE EMERGENCY MANAGEMENT AGENCY

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
UNITED STATES HOUSE OF REPRESENTATIVES
ROBERT A. BORSKI, CHAIRMAN

May 15, 1991

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to appear before you today. My name is Jerry Hauer, and I am Director of the Indiana State Emergency Management Agency. I have been involved in emergency management and emergency medical services for a number of years. Prior to coming to Indiana I was the Deputy Director for Emergency Management for New York City Emergency Medical Services. I was also on the IBM corporate staff as the Program Manager responsible for emergency response. I had worldwide responsibility for developing corporate policy on fire, hazardous materials and emergency medical response.

During a ten (10) month period, Indiana has had five (5) major disasters resulting in four (4) Presidential Major Disaster Declarations (two of the five were combined into one declaration.) Eighty-seven (87) of our ninety-two (92) counties were declared disaster areas. Well over half a million people have been impacted by these events some of them more than once. Losses are estimated to be over three hundred million dollars ($300,000,000), with over eleven hundred (1,100) homes destroyed or damaged. More importantly, over thirty (30) people have lost their lives and hundreds were injured.

We have experienced the worst tornado outbreak in over fifteen (15) years, the worst flooding in over fifty (50) years and the worst ice storm in Indiana's history.

In addition, during this time frame, we have had three (3) Small Business Administration Disaster Loan Program Declarations, two (2) because of flooding and one (1) following a tornado outbreak. Without question, this ten (10) month time frame has been the most disastrous period ever in our State's history.

I am here today to discuss with you Indiana's experience with FEMA response and recovery efforts during the past ten (10) months.

Throughout this time, Indiana has had the opportunity to work very closely with FEMA at both the national and regional level in the disaster recovery process, under varying conditions and with at least three (3) different types of disasters. Overall, our experience has been very positive with the FEMA region V office that serves the State of Indiana.

Specifically, two FEMA Region V personnel, Ron Buddecke and Phil Zaferopulous, exemplified the true spirit of the Stafford Act through their marked determination in providing the highest standard of federal disaster recovery assistance. These men served as Federal Coordinating Officers for the disasters that I previously described. They constantly sought innovative ways to provide disaster assistance, within FEMA program regulations. Such flexibility is critical to a successful disaster recovery program. Every disaster poses its own specific problems, which must be dealt with on an case-by-case basis.

I would urge the leadership of FEMA to embrace the cooperative spirit exemplified by Mr. Buddecke and Mr. Zaferopulous. Such a spirit, I believe, is sorely lacking at FEMA headquarters.

An obvious solution to this problem at the headquarters level would be to transfer more final decision-making authority to the regional level. It is primarily the FEMA regional staffs who manage the disaster recovery programs from a federal perspective. They are generally abundant in experience and can relate to the specific problems experienced within their region. This is a result of their constant contact with state and local governments, a factor of primary importance in the delivery of programs, and one which FEMA headquarters cannot claim.

My experience with FEMA headquarters can be summarized in three words: lack of response. An example of this came after the March, 1991 ice storm which devastated our state's northern and central electric utilities, especially the rural cooperative and municipally owned power companies.

Governor Bayh signed the Federal/State Agreement for the ice storm, which was FEMA declaration #899, maintaining his right to appeal for 100% participation by the federal government in disaster recovery costs. This appeal was made by the Governor to the President on April 8, 1991 and was based upon the fact that over seven (7) million dollars has, or will be, committed by the State to the disaster recovery effort from the Presidential Declarations since May of 1990. To date, FEMA headquarters has not acted on, or replied to, the Governor's letter of appeal. In numerous attempts to contact the Director, we have received no response from him or his staff.

Several weeks after the ice storm, I was informed by another state emergency management director that FEMA was not going to fund the public assistance commitments it had made because the Public Assistance program was out of money. To commit to the provision of disaster recovery funds, through the signing of the Federal/State Agreement without sufficient program funds in place, was an example of poor judgement on FEMA headquarters part. To imply that funds would be forthcoming, when in fact FEMA knew differently, was inappropriate at best.

This problem was compounded by FEMA not bringing the possible six month delay in funding to our attention. Without a supplemental appropriation immediately, and if we are required to wait until October 1, 1991 for a federal fiscal year 1992 Congressional appropriation, a number of rural electric membership cooperatives and municipal power companies will face severe financial dilemmas. They will be forced to borrow monies to maintain essential public services. Under current law the power companies will not be eligible for reimbursement for interest costs associated with the borrowing of these funds.

According to the Indiana Statewide Association of Rural Electric Cooperatives, one REMC in Newton County may have to pay interest monthly, if a loan can be arranged. These changes will have to be passed on to customers who can ill-afford such additional expenses.

Please allow me to present to you some items that I believe should be focused on to enhance the spirit and intent of the Stafford Act.

First, I would like to join my colleague from the State of North Carolina, Joe Myers, whom you heard from earlier, in expressing my concern for the arbitrary nature involved in FEMA headquarters decision-making. You heard him describe different standards applied to the provision of disaster recovery funds for South Carolina, as opposed to North Carolina, pertaining to the ratio of federal recovery cost participation. This arbitrary process also affects the State of Indiana and Governor Bayh's appeal, as described earlier, for greater federal participation in the ratio of disaster recovery costs.

Regardless of FEMA's decision pertaining to the Governor's appeal (for which I remind you we are still awaiting), I would urge the development and implementation of a standard for disaster recovery cost ratio for all states, and trust territories. Such a ratio could be on a sliding scale based upon the magnitude of the individual disaster event, and the number and cost of disasters affecting an individual state, or trust territory, during their fiscal funding period. This standard should be detailed in law and would provide a fair and equitable disaster recovery program, rather the arbitrary process currently imposed by FEMA.

The second action I would urge Congress to take involves interest costs incurred by local and state public assistance applicants. From time to time situations may occur where a declaration has been made, but sufficient federal funds may not be immediately available to fund all eligible applications for the Public Assistance Program. Because of this lack of funds it may be necessary for local and state applicants to borrow funds to ensure expeditious repair of public facilities, especially in those cases where lack of such repairs may pose a threat to public health and safety.

At present, interest incurred by the local and state applicants to make these expeditious repairs is not an eligible item for reimbursement under the Stafford Act, and its implementing regulations. I would urge Congress to amend the Stafford Act to provide reimbursement for interest costs incurred in these types of cases.

Thirdly, as I mentioned earlier, the FEMA regions need more autonomy to act and react during a disaster and for day to day operations. Downsizing FEMA Headquarters and giving more authority and staff to the regions would improve not only disaster response and recovery, but also day-to-day program management. It would save the tax payers significant amounts of money by eliminating redundant staffs and expediting decision making.

Throughout my testimony I have tried to provide the members of this subcommittee objective and constructive criticism of FEMA. Over the past few months I have personally been vocal in expressing this same spirit of criticism about FEMA in my public comments and correspondence.

Let me say that my remarks were motivated purely by a sense of urgency on behalf of all Hoosiers. If these comments were in any way misconstrued by FEMA as personally critical, I want to make it clear they were not meant in that light.

Lastly, I would urge Congress to be more attentive to needs of FEMA, especially as they relate to those problems dealing with disaster preparedness, response and recovery. The role which FEMA has been given is a very difficult one. Disasters are not something that most people want to think about, much less plan for. However, that is my job and that is the job of FEMA. It is a job that is vitally important to this nation, and its state and local governments, as well as all Americans. We are charged with restoring order from chaos and helping people as well as local governments recover from events for which many times they have not planned either mentally or financially.

I remain committed to working with FEMA headquarters in any and every way possible to ensure that a responsive and efficient emergency management system is in place.

This concludes my testimony. I appreciate Congressman Visclosky asking me to appear before you today. Thank you. I would be happy to answer any questions you may have.

BELMONT COUNTY

one (614) 695-2121 · Ext: 200

Jim Hepe
President

John Pollock
Vice President

Robert E. Olexo

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Clerk

Office of the
COMMISSIONERS
St. Clairsville, Ohio 43950

Testimony by Jim Hepe
Belmont County Commissioner
To Federal Committee Hearing regarding FEMA
May 15, 1991

I am a County Commissioner in Belmont County , Ohio. A County that was devastated by the flash floods on that terrible day of June 14, 1990.

Twenty-six lives were lost along three creek areas of our County, Pipe Creek, Wegee Creek and Cumberland Run. Many other creeks were affected also.

An area that encompass about 5 miles was destroyed when 4 to 6 inches of rain fell within 45 to 60 minutes.

Over 90 homes were totally destroyed along the creek banks, 400 homes were damaged. The wall of water has been estimated from 20 to 30 feet in height. It has been estimated that this flood loss total of 12 million dollars was 6 million in private and 6 million in public loss.

"FEMA Assistance to Belmont County"

We could never have survived without the help from F.E.M.A. Shortly after we were declared a disaster , FEMA was setting up on location to apply assistance. The employees for FEMA were very courteous and concerned for the people they were assisting. Many of them were past victims themselves of a disaster. They are a great asset to the FEMA program.

Through our experience here, we have learned some of the good and bads of a system that is established to help those in need after a disaster.

Suggestions for areas of concern:

Income guidelines for reimbursement need increased. An example of a community such as ours that is heavily populated with senior citizens who don't necessarily have alot and what they have, they worked for all their lives and to lose it all in one tragedy, "home, life, personal belongings,. . . " Many of these type of people fall between the cracks. Many are still trying to put their lives back together in our communities today.

10.4 maximum assistance per case. These guidelines seem extremely outdated. Although very helpful, they need increased.

The 60 day period of time to report loss needs extended to a 12 month period. This would allow the individual and government agencies time to asses their total needs, many are not discovered until months after the tragedy.

Cost estimates on road and bridge repair from FEMA are normally too low. This extends the time that is most important to repair these needed projects.

Turn around time on approved assistance in the people's cases seems to be quick, but its not so quick to government agencies.

We hope to avoid this type of disaster from ever happening again. In order to do so, we need assistance for creek clean up and monitoring equipment and rain gauges. Realizing that these needs are not the responsibility of FEMA but ones that need to be considered along with funding for full time disaster co-ordinators. We could not have survived this tragedy without our part time co-ordinator who was a master at his work.

I thank you for the opportunity to be here today and special thanks to Congressman Applegate and his staff for their past and continued support to pull through our tragedy.

Thank you

TESTIMONY OF

JOSEPH F. MYERS, DIRECTOR
NORTH CAROLINA DIVISION OF EMERGENCY MANAGEMENT
REPRESENTING THE
NATIONAL EMERGENCY MANAGEMENT ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
UNITED STATES HOUSE OF REPRESENTATIVES
ROBERT A. BORSKI, CHAIRMAN

May 15, 1991

Mr. Chairman and members of the committee: thank you for the opportunity to appear before you today on behalf of the National Emergency Management Association (NEMA). The Association is comprised of Directors of state emergency management agencies who are responsible for the guidance, coordination, and support of state and local emergency management programs. These programs address the full spectrum of natural and technological hazards faced by our society today. A comprehensive emergency management program is one that addresses 4 phases: mitigation, preparedness, response and recovery. The establishment of an effective, comprehensive program is totally dependent upon the working relationship of all levels of government and the private sector.

As Director of the North Carolina Division of Emergency Management, a state hard hit by Hurricane Hugo, I will share with you some of my experiences based upon my 16 year career, and as a NEMA representative, I will share the experiences of my peers in order to assist this committee with its review of disaster response and recovery.

GAO REPORT

Several NEMA members have reviewed the March 1991 General Accounting Office Report on the federal, state, and local response to natural disasters and we are generally in agreement with the report. The report illustrates that the level of preparedness is the most crucial factor in the response to a major disaster. During Hurricane Hugo, for example, the evacuation of coastal North and South Carolina was generally a smooth process and the loss of life was limited due to a high level of disaster preparedness. However, the report also illustrates that much work needs to be accomplished by federal, state, and local agencies in the area of disaster response and particularly disaster recovery.

Planning, training, and exercising for a major disaster are crucial elements for an effective disaster response effort, but these same elements are just as critical for a successful recovery from a major disaster. The report demonstrates that state and local officials desperately need to have a clearer understanding of the disaster assistance programs. They must be able to answer some fundamental questions. If my community or state is struck by a major disaster, how do I assess the damages? How do I request federal assistance and how do I implement the disaster assistance programs? In other words, what assistance can I expect from all levels of government in returning my state or community to pre-disaster condition?

The report clearly illustrates the levels of preparedness, response, and recovery capabilities of the states and territories affected by Hugo and the Loma Prieta earthquake. The Virgin Islands were devastated by Hugo and their lack of experience in responding to a major disaster, as well as a lack of resources, contributed to the problems encountered there. In South Carolina, although the level of preparedness was much higher than in the islands, the recovery process was slow and cumbersome due to a lack of experience in implementing the Stafford Disaster Relief Act. In California and in North Carolina these problems were not encountered because, as the report states, more emphasis has been placed on disaster preparedness programs. I believe this is evidence that state and local commitment to emergency preparedness is varied. We are fortunate in North Carolina to have a strong commitment at the state and local level. Our pre-planning and training led to a very effective response and recovery effort during Hurricane Hugo. The teamwork approach that has developed among state and local government has given North Carolina a reputation for having one of the best emergency management programs in the Nation, but more importantly, it has enabled us to save lives and property time and time again.

I applaud this committee for directing the GAO to review the response to natural disasters, and I would encourage continued interest by Congress regarding Hugo and Loma Prieta and the ongoing implementation of the Stafford Disaster Relief Act for these and other disasters. The recovery from Hugo and Loma Prieta is far from over as we continue to work with public assistance applicants and as we continue our attempts to interpret and administer the various provisions of Stafford.

EXERCISING EMERGENCY OPERATIONS PLANS

Building an effective emergency response and recovery capability obviously requires a great deal of planning and training. An emergency operations plan must be in place and must continually be revised to address all hazards. Of course no plan is effective unless it is also tested. FEMA's exercise program is based on a four-year exercise cycle. All funded jurisdictions are required to complete a "full-scale" exercise during one of the four years. During each of the other three years, they must conduct at least one "functional" exercise. Sequencing the exercises (i.e. "functional" versus "full scale") is left to the jurisdiction.

The scenarios utilized for the "functional" exercises must rotate so that during each of the 3 years, a different scenario type is utilized ranging from a natural or technological hazard to a national security scenario. The scenario type used for the "full scale" exercise is the choice of the local jurisdiction, but it is recommended that this exercise focus on one of the top two or three hazard threats that were identified in the jurisdiction's hazard assessment.

These exercises assist us in identifying strengths and weaknesses. The GAO report criticized the states for not correcting all deficiencies previously identified; however, all deficiencies cannot be corrected without resources. For example, if warning systems are identified as being deficient, who pays for upgrading these systems? State and local governments do not always have the funds to correct all the problems.

FEMA's role in exercising emergency operations plans is primarily one of observer and evaluator. Although FEMA participates in exercises with other federal agencies, their participation in state and local exercises is limited. We believe that FEMA's role must be expanded. Yes, FEMA should evaluate, but during a real emergency their role becomes one of participant; therefore, should they not also practice this role with state and local government more frequently? If FEMA is to respond by coordinating federal resources, then they must participate with states in exercising this role. This would be a positive step toward improvement of the working relationship between federal, state, and local government which is, as I stated previously, the foundation of an effective emergency management program.

DISASTER ASSISTANCE PROGRAM

In addition to planning and exercising those plans, states must ensure that local governments have the necessary training for obtaining disaster assistance. Since the Stafford Act became law in November of 1988, there have been limited training opportunities for state and local officials on its implementation. When Hugo struck in September of 1989 (1 year after enactment of Stafford), it was my understanding that FEMA training materials and courses on obtaining disaster assistance had not been updated since they were originally developed in 1984. Even now, almost 2 years after Hugo, states have not received updated recovery training from FEMA. We have basically been required to develop our own training tools with limited resources on implementing Stafford. Although FEMA is attempting to address this problem, it is currently unresolved.

In North Carolina, we developed a 4-hour damage assessment course which teaches "how to get a presidential declaration" and we developed an 8-hour course on administering the disaster law once a declaration is granted. In other words once you have received a declaration you must then know the complex process for proper implementation of the Stafford Act.

There are numerous disaster recovery "steps" that must be considered by local government officials in the aftermath of a major disaster. For example, each public official has certain roles and responsibilities in the recovery process. These officials need to know the immediate actions that must be taken following a disaster such as the initial situation report and the preliminary damage assessment. Local officials need to understand the federal disaster relief regulations and what type of assistance is available through the Stafford Act.

I believe it would be helpful for FEMA to develop similar courses as well as a modular training program utilizing a series of videos or slide presentations to provide local government with a "hands-on" tool when disasters strike. This visual presentation would include the declaration process, the public assistance process, the individual assistance process with additional information on the Disaster Assistance Center, and the Hazard Mitigation Assistance program. Whatever method is used by FEMA to ensure state and local governments receive appropriate disaster assistance training, it is important that the program exhibit a comprehensive and uniform approach throughout the country.

State and local governments have undertaken activities to advise citizens about flood hazards, flood insurance, and flood protection measures, but again, our resources to continue these activities are limited. Recently, the Federal Insurance Administration, through the Community Rating System, has provided incentive for local governments to initiate or continue these public information, outreach, and technical assistance projects. This initiative should be supported by other units within FEMA. For example, FEMA's Hazard Mitigation Grant Program should streamline the process for approving grants which provide outreach and technical assistance to flood victims.

In North Carolina, the Flood Insurance Program is housed within the Division of Emergency Management which is not the case in most states. However, we have found that this streamlines the recovery and mitigation programs. Our recovery staff and flood program staff work together and present training programs for locals as a team.

Overall, FEMA has handled disaster assistance applications as expediently as possible given their limited resources in personnel and equipment, but perhaps the provisions of the Stafford Act should be reviewed in order to eliminate any inconsistencies in interpretation of the law. Also, FEMA's temporary housing program has been criticized at length for its inability to provide the same standard of living that disaster victims had prior to the disaster. NEMA's position is that this program is not designed to provide permanent housing at pre-disaster conditions. This housing assistance program has traditionally focused on temporary assistance in the form of minimal repair grants, rental assistance, and in extreme cases, mobile home operations. FEMA's typical method of operation is to provide the initial assistance and to rely on the disaster victim, their family, states, local government, and volunteer agencies to meet long-term permanent housing needs. In other words, FEMA's role is to provide immediate basic needs. Unfortunately many officials have misunderstood FEMA's role in this area.

I believe I have shown thus far that State, local and federal roles in disaster response and recovery must be more clearly defined. Resources should be more readily available and proper training programs in disaster recovery should be developed for state and local governments. FEMA's role, in particular, during the initial response should be more clearly defined in order to eliminate false expectations.

NEMA is opposed to FEMA intervention during a catastrophic situation without a request from a state's governor. This authority is unneccessary since states have a line of succession already in place to direct state actions and requests for federal assistance. We do believe that FEMA should have the ability to work with states prior to and during the initial response. For example, FEMA's Region IV liaison was present in my State Emergency Operations Center, at my request, during the response to Hurricane Hugo not for the purpose of directing, but to coordinate federal resources. This coordination during the initial response phase aided North Carolina in obtaining a Presidential Disaster Declaration and in opening the first of our Disaster Assistance Centers in less than 10 days after the onslaught of Hurricane Hugo.

PROBLEMS AFFECTING RECOVERY PROCESS

* HAZARD MITIGATION PROGRAM *

Generally, North Carolina's experience with FEMA during Hurricane Hugo response and recovery has been good; however, there have been some areas that must be addressed. There are serious problems affecting my state's ability to recover financially from Hugo and other states' abilities to deal with subsequent disasters.

First, as I stated in my testimony before this committee on May 2, 1990, there has been confusion and numerous inconsistencies on the part of FEMA in administering the Hazard Mitigation program. Although I and my peers understand that this is a fairly new initiative created under Stafford, it would seem that by now FEMA would have adopted more uniform guidelines for states in implementing the program. FEMA's interpretation of the law varies from region to region and even from the regions to the national office.

Although, NEMA strongly supports the Hazard Mitigation Program, we believe FEMA would agree that the paperwork and review process have resulted in significant confusion, delay and aggravation as well as loss of interest by state and local officials. The review process is too cumbersome and should be streamlined. Also, the cost-sharing provisions should be modified. The program is currently a 50% Federal/50% State (local) match. The total estimate of federal assistance available for hazard mitigation is based on ten percent (10%) of the federal share of the FEMA estimate of all Damage Survey Reports under public assistance. States are granted hazard mitigation funds based on the permanent work category.

Permanent work is defined as road restoration, bridge repairs, repairs to public works and public utilities and other permanent measures.

If approved for Hazard Mitigation, states must develop an Administrative plan that delineates how the state will manage the grant program, and they must develop a state plan that identifies the proposed mitigation measures and projects. One reason the process is so cumbersome is that states must continually provide additional information as well as additional cost benefit illustrations. It is very difficult to place a monetary figure on lives saved. Only last week I was contacted by a public school superintendent who inquired about the progress of the warning system he had hoped would be installed to alert school children of an impending emergency, but unfortunately this project has not yet been approved due to a request for additional cost benefit information. There are currently no written guidelines in place, although it is my understanding that they are being developed.

In North Carolina, our efforts to improve the emergency broadcast system were denied as a hazard mitigation project, yet Stafford regulations clearly state that the development or improvement of warning systems is an eligible project. This is just one example of the inconsistencies in interpreting the regulations, but the final consequence is that these delays have cost our State approximately 4.8 million dollars in state and federal matching funds for hazard mitigation which would have been used for enhancing warning systems. For over 19 months our State match has been set-aside awaiting FEMA's approval of numerous hazard mitigation plans and projects, but our inability to obtain FEMA's approval of these plans and projects, coupled with the current State budget crisis, has resulted in our State budget office reverting our match to the State's general fund.

Hazard mitigation is defined as any action taken to eliminate or reduce the long term risk to human life and property from natural and technological hazards. We have the opportunity to put up the railroad crossing lights before someone is hit by the train so to speak, yet we have been inundated with administrative rules that have delayed final approval of our projects. We are very saddened over this complicated process that is preventing our citizens from receiving the full benefit of this program. Disasters happen every day and more lives are lost every day that states must wait for approval of their hazard mitigation projects.

NEMA strongly encourages FEMA to streamline and simplify hazard mitigation program guidance and requirements. Approval authority of hazard mitigation projects should be delegated to the state after the state mitigation plan has been approved. In addition, NEMA encourages FEMA to provide continuing emphasis on mitigation throughout disaster program activities. It is NEMA's position that every possible opportunity for mitigation should be seized and executed to the maximum extent.

* PUBLIC ASSISTANCE COST-SHARING PROVISIONS *

Due to the numerous disasters that have occurred throughout the nation, NEMA believes that FEMA should exercise their authority to modify the cost-sharing provision for the public assistance program. In December 1989, the Western Governors' Association wrote to the President supporting a reduction in the state match requirement when damage costs are exceedingly high.

To illustrate, I would like to share with you how this problem has affected North Carolina's ability to recover from Hurricane Hugo. FEMA recently denied our request to modify the cost-sharing provisions for the public assistance program. FEMA officials indicated that a request to modify this program would be considered once eligible public assistance costs reached ten dollars ($10) per capita. If granted, this modification would have enabled our State to receive 100% federal funding for public assistance costs. We were told early in this disaster that FEMA would ask for no more and no less for our State than for South Carolina.

On October 6, 1989 at FEMA's request, the President modified the cost-sharing provisions for Public Assistance for the State of South Carolina. This action was based on South Carolina's population of 3.3 million and the determination that the maximum State and local share would reach 8.25 million dollars. North Carolina's population is more than twice South Carolina's and we have already paid 17.1 million dollars. In addition, our State costs may exceed 20 million dollars. Yet, even after a precedent had been established, we received notification after one full month that our request was denied. I was verbally told by a FEMA official that our request was "not consistent with FEMA policy". If this request had been granted the State of North Carolina would have saved close to 4 million dollars, and this was crucial considering the State's current budget situation. Other states are also suffering, particularly those who have been struck with numerous disasters, yet FEMA has the administrative authority to reduce the state matching requirement when disaster-related damage levels have become particularly high.

DISASTER PREPAREDNESS BLOCK GRANT/OTHER RESOURCES

There are many worthwhile programs within FEMA, but the states often do not have the flexibility or resources to utilize these programs to the best possible advantage. For example, the Disaster Preparedness Improvement Grant, another program within the Stafford Act, currently requires a 50% Federal/50% State match. NEMA believes this cost-share should be amended to 75% Federal/25% State and that additional funding should be provided to be used for training of state and local response and recovery personnel, as well as for the improvement of natural disaster response planning.

There are many other private sector resources that, with the proper coordination, could be utilized by FEMA in planning for disaster response. I understand FEMA has recently met with the League of Municipalities, but I believe FEMA should expand this effort. For example, in North Carolina the Homebuilders Association has recently joined our State Emergency Response Team. They will assist us during the response phase with equipment and manpower for debris removal and damage assessment, as well as during the recovery phase with resources needed to rebuild the community. Also, the electric membership cooperatives will be working closely with us to re-establish power supplies to damaged areas.

SEVERE SHORTAGE OF DISASTER RELIEF FUNDS

Additionally, it is imperative that Congress and the administration recognize the need for increased federal disaster relief funds. Since 1989, the occurence of major disasters in this country has increased tremendously. Typically, 24 Presidential Disaster Declarations are issued in a fiscal year. However, last year 35 were issued and already this fiscal year 26 declarations have been issued. With four more months remaining in this fiscal year we face a possibility of continuing chaos considering that hurricane season is not officially over until November. Also, there are currently 184 open disasters in 57 states and territories. The only states that are not administrating current disasters are Idaho and Delaware, and Idaho has a pending request for a Presidential Declaration.

The disaster relief fund for this year has been severely depleted. Consequently, FEMA's ability and efficiency in managing disaster declarations that are still in progress, such as Hurricane Hugo, have been slowed tremendously. The rash of disasters has required FEMA to micro-manage all requests for assistance through the national office. It is NEMA's understanding that additional funds are to be allocated for Fiscal Year 1992; however, these funds are needed much sooner.

Ladies and Gentlemen: I have primarily shared with you today the problems states face with regard to disaster assistance programs and the recovery process. It is evident that further examination is needed with regard to disaster assistance and FEMA's role in managing the recovery process. However, I believe that until Emergency Management becomes a priority business of the federal government, the states and their local jurisdictions will not have the capability for an effective recovery effort from any major disaster. In other words, FEMA must have adequate funding to expand staff and resources if it is to function properly in guiding and supporting state and local emergency management programs. Ensuring an effective national capability to respond and recover from major disasters is vitally dependent upon this funding. Thank-you.

United States General Accounting Office

GAO

Testimony

For Release
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DISASTER ASSISTANCE

Federal, State, and Local Responses to Natural Disasters Need Improvement

Statement of
John M. Ols, Jr., Director
Housing and Community Development Issues
Resources, Community, and Economic
Development Division

Before the
Subcommittee On Investigations and Oversight
Committee on Public Works and Transportation
House of Representatives

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our recently issued report concerning the federal, state, and local responses to the September 1989 Hurricane Hugo and the October 1989 Loma Prieta earthquake.[1]

Our report responded to requests from several Members of Congress, including the Chairman of this Subcommittee. The requesters were concerned about the timeliness, efficiency, and coordination of the federal response to the hurricane and the earthquake. To address these concerns, we reviewed federal, state, and local emergency management activities in each of the five states declared as major disaster areas. For Hurricane Hugo, these states were North Carolina, Puerto Rico, South Carolina, and the U.S. Virgin Islands.[2] For the Loma Prieta earthquake, our work focused on northern California.

These catastrophes caused billions of dollars in damages and hardship for hundreds of thousands of people. They represented an unprecedented challenge in the extent of damage and demands for staff and other resources for the Federal Emergency Management Agency (FEMA). The Stafford Disaster Relief Act (P.L. 100-707, as amended) authorizes federal agencies to supplement the efforts and resources of state and local governments and voluntary relief agencies, which are expected to be the first responders when a disaster strikes. FEMA is charged with coordinating federal disaster assistance once the President declares a disaster.

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[1] Disaster Assistance: Federal, State, and Local Responses to Natural Disasters Need Improvement (GAO/RCED-91-43, Mar. 6, 1991).

[2] States, as used in this testimony, include the Commonwealth of Puerto Rico and the U.S. Virgin Islands.

In summary, the severity of these nearly simultaneous events highlighted problem areas in three phases of disaster management--preparedness, immediate response, and recovery. These problem areas need federal, state, and local agencies' attention to help improve capabilities to respond to future disasters.

State and local governments prepare for disasters by developing emergency plans and conducting training exercises and drills. We found weaknesses in state and local preparedness programs, as well as in FEMA's assistance and overall guidance. These problems included inadequate planning and training for the recovery phase, low participation by local elected officials in training and exercises, inadequate or no standard operating procedures for response and recovery activities, and inadequate coordination between several federal agencies.

In the response phase, local, state, federal, and voluntary relief agencies serve the victims' immediate needs by providing food, shelter, and emergency power. Inefficiencies in this phase resulted from staffing and coordination difficulties between agencies at all levels. Also, because FEMA is not authorized to assume the state's role as immediate responder, some assistance was delayed in the Virgin Islands. Legislative action may be needed to give FEMA such authority if it is to act as an immediate responder in the future, when warranted and requested by the state.

During recovery from a disaster, federal assistance, such as grants and loans, may be provided to repair homes and public facilities. During this phase, state and federal agencies, including FEMA, did not manage their activities as efficiently as possible. As a result, assistance was delayed and duplicate payments were made for certain activities. Events in the recovery phase also indicate that FEMA's role in responding to disaster-related, long-term housing needs is unclear.

Overall, FEMA fulfilled many aspects of its basic mission of supplementing state and local efforts. The severity of these disasters, however, highlighted the need for improvements in disaster management at various levels of government. In this regard, officials of federal, state, local, and voluntary relief agencies have identified numerous areas needing improvement, such as emergency communications, and additional staff. Many agencies have already implemented or plan to implement corrective measures.

I would now like to discuss our findings as they relate to the three phases of disaster management--preparedness, immediate response, and recovery--discussed above.

PREPAREDNESS FOR DISASTER RESPONSE AND RECOVERY VARIED

Preparedness is the most critical aspect of emergency management. It affects state and local governments' ability to respond to citizens' needs immediately after a disaster as well as during the longer-term recovery. State and local governments have primary responsibility to prepare for and respond to a disaster. FEMA only has the authority to guide, not direct, state and local governments in their preparedness plans and activities. The federal role--primarily through FEMA--supplements state and local preparedness efforts by providing guidance on the content of disaster plans, training courses, and exercises to test plans and funding for planning and training. When states and/or local governments do not comply with agreed-upon objectives, correct problems identified in exercises, or participate in training, FEMA has no practical means of requiring that they do so to be better prepared to deal with disasters.

The preparedness, and thus the capability, of the five states we reviewed to respond to disasters varied. California, for example, had a large state emergency organization and state-funded training.

In contrast, the Virgin Islands had one emergency planner and no state-funded training. California's level of preparedness contributed to its ability to respond to the earthquake with relatively few problems, while the Virgin Islands' lack of preparedness meant that FEMA and other federal agencies had to assume much of the territory's role as "first responder" because it could not organize an effective response effort. Because FEMA was not prepared to assume the state's role as immediate responder, some assistance was delayed.

State and local governments decide what resources and emphasis their preparedness programs receive; consequently, their emergency response and recovery capabilities differ. Emergency management capabilities among the five states differed by the state government's organizational structure, level of state staffing and training, frequency of exercise drills, and frequency of presidentially declared disasters. The Associate Director of FEMA's State and Local Programs and Support Directorate said that capabilities to respond to natural disasters of the magnitude and complexity of Hurricane Hugo vary widely at all levels throughout the emergency management community.

For example, FEMA officials said that states such as California and North Carolina have emphasized their disaster preparedness programs, and that these states generally had few coordination problems during the immediate response phase. The situations in these states were not as severe as those in the three other states. And, California and North Carolina reported making fewer requests to FEMA for immediate emergency assistance than the other three states. In contrast, the Virgin Islands did not correct problems it had identified during earlier training exercises and had difficulties in implementing its emergency plan. These problems contributed to its inability to fulfill its first responder role on St. Croix after the hurricane struck.

While some states we reviewed were well prepared, all of them had some problems in their preparedness efforts. These problems resulted from weaknesses in state and local programs, as well as in FEMA's assistance and overall guidance. They included inadequate planning and training for recovery; low participation by elected officials in training and exercises; inadequate and/or no standard operating procedures for response and recovery activities, such as managing an emergency operations center; and failure to correct problems that state and local agencies' officials identified earlier. For example, exercises in the Virgin Islands and/or 28 counties in North and South Carolina identified problems with communications, interagency coordination, emergency plans, or emergency operating procedures. State and local officials, however, did not correct some of these problems and they resurfaced when jurisdictions had to respond to needs associated with the hurricane.

IMMEDIATE RESPONSE NEEDS MET, BUT STAFFING AND COORDINATION PROBLEMS EXISTED

I would now like to discuss our findings for the immediate response phase. In four of the five states we visited, state and local governments as well as voluntary relief agencies fulfilled their first responder responsibilities. Following their disaster preparedness plans, they evacuated and sheltered citizens and provided emergency supplies to affected citizens immediately afterwards. In the Virgin Islands, however, the territorial government was not adequately prepared to respond to the disaster, and FEMA and other federal agencies had to act as first responders on St. Croix.

In general, FEMA carried out its supplementary responsibilities to state and local governments, but not necessarily as efficiently as possible. FEMA officials were on site in North and South Carolina before the hurricane struck. State officials in the five states told us that FEMA satisfied nearly all state requests for essential items on a timely basis.

However, staffing and coordination problems, particularly for FEMA, meant that the immediate response was not as efficient as it could have been. FEMA did not have enough trained staff to deal with the scope of the devastation Hurricane Hugo caused, and this staffing shortage was compounded one month later when the earthquake struck. FEMA had to use staff not trained in disaster assistance and had to rely heavily on its force of reservists and local hires.[3] State and local agencies also experienced staffing shortages. In addition, because responding federal agencies did not always clearly understand how to manage their overlapping responsibilities, some efforts were unnecessarily duplicated. For example, FEMA and the Soil Conservation Service did not coordinate debris removal efforts in South Carolina, which created potential health and safety hazards for months after the hurricane.

RECOVERY ISSUES NEED MORE ATTENTION

In recovering from the September and October 1989 disasters, FEMA and other federal and state agencies did not manage their assistance programs as efficiently as possible. Because of inefficient operations and/or uncertainty over roles and responsibilities, recovery assistance was marked by delays, duplicate payments, and incomplete responses to disaster victims' needs.

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[3] A reservist is a temporary FEMA employee who may be activated to assist in federal disaster response and recovery activities at any number of major disaster locations over a 2-year appointment term. A local hire is a temporary FEMA employee appointed for 120 days to assist at a specific disaster at or near the employee's area of residence.

Three areas--program administration, coordination among federal agencies, and provision of housing for low-income disaster victims --need improvement to help ensure that future disaster recovery efforts are handled more efficiently and effectively. In the area of program administration, for example, computer systems between FEMA and the other responsible federal and state agencies were incompatible. As a result, there were delays in information-sharing and difficulties in determining whether duplicate payments were made. In addition, FEMA and other agencies with similar responsibilities for restoring public facilities did not coordinate their activities. For example, FEMA and Education provide assistance to repair schools. However, because of coordination problems, some school districts in California, North and South Carolina, and the Virgin Islands were subject to duplicate damage inspections and/or assistance was delayed for several months.

With respect to providing housing for low-income disaster victims, current federal disaster assistance programs do not provide adequate assistance to state and local governments to reconstruct damaged rental units. In California, for example, the shortfall in housing assistance was evident in several areas. First, landlords wanting to repair damaged units found that federal disaster loans were not economically feasible for low-income housing. Repayment costs would have required owners to charge rents beyond the means of low-income tenants. Second, the Department of Housing and Urban Development (HUD) generally does not receive disaster assistance funds from the Congress, and transfers of other HUD funds to aid disaster victims were delayed. It took HUD 4 months to provide rental assistance vouchers and as much as 8 months to provide rehabilitation certificates.[4] Third, California's deferred loan programs offered some limited assistance to restoring rental units and homes, but assistance was delayed because federal assistance was to be used first. And finally, FEMA said its authority permitted it to provide only temporary emergency shelter. Therefore, in California, FEMA did not establish a temporary housing assistance program that recognized the need for a long-term housing recovery plan.

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[4] The vouchers can provide rental assistance to some low-income renters, and the certificates can help restore buildings with minor damage. Neither program, however, addresses the need to replace or restore the destroyed or seriously damaged units.

The recovery phases of the California and Caribbean disasters presented other problems for FEMA regarding its role and responsibility in providing long-term housing assistance. These problems concerned both the type and the amount of housing assistance FEMA can provide to low-income disaster victims in areas where affordable housing is scarce. Advocacy groups in California sued FEMA, alleging that it discriminated against low-income people who had occupied single room occupancy units or other transient accommodations, many of which were made uninhabitable by the earthquake. Such occupants had difficulty providing documentation to verify that they met FEMA's requirement that they had lived at a particular location for at least 30 days to receive FEMA's temporary housing assistance. Although the parties entered into a memorandum of understanding in December 1990 that requires FEMA to provide up to about $23 million for replacing about 2,000 low-income housing units, little has been done to repair and/or replace low-income housing in the earthquake-damaged areas.

In Puerto Rico and the Virgin Islands, we also found that one FEMA approach to providing housing assistance, "eligible-created resources," does not conform to the requirements of the Stafford Act because housing is made available to disaster victims on a permanent, not a temporary, basis. Under eligible-created resources, FEMA provided cash grants for constructing permanent housing for disaster victims in areas not part of the mainland United States. On the mainland, FEMA traditionally meets the disaster victims' temporary housing needs by providing grants to make minimal repairs to restore habitability to their damaged homes, rental assistance, or mobile homes. If FEMA cannot satisfy the victims' temporary housing needs, it may refer them to other programs, such as the Small Business Administration's disaster loan program.

LESSONS LEARNED AND ACTIONS PLANNED

Agencies at all levels of government involved in disaster assistance have recognized, after the hurricane and the earthquake, the need for improvements in all phases of disaster operations. Further, many agencies have already implemented or plan to implement corrective measures. For example, FEMA is modifying its training to more fully address recovery needs. FEMA is also considering streamlining the process for providing assistance to families and individuals, and has increased its reservist force. South Carolina is taking steps to help ensure that state and local elected officials receive proper training and instruction to help ensure that they understand their roles and duties when a disaster strikes. At the local level, one South Carolina county, for example, is working to improve communications between the state and local levels of government.

CONCLUSIONS, RECOMMENDATIONS, AND MATTERS FOR CONGRESSIONAL CONSIDERATION

State and local governments have primary responsibility for disaster preparedness. FEMA only has the authority to guide, but not direct, state and local governments in their preparedness plans and activities. When states and/or local governments do not comply with agreed-upon objectives, correct problems uncovered in exercises, or participate in training, FEMA has no practical means of requiring that they do so to be better prepared to deal with disasters. The recent experiences with Hurricane Hugo and the Loma Prieta earthquake, however, should be persuasive. When states and local governments had fully engaged in planning and exercises, and made appropriate corrections, they were better able to respond to the demands of the disasters. All levels of government, however, faced problems in dealing with long-term recovery, on which FEMA had placed little emphasis.

In the response phase, the needs of the victims were generally met, but not necessarily as efficiently as possible. These inefficiencies, particularly coordination difficulties between agencies, requests for assistance that went outside of established channels, and inadequate staffing, gave rise to a general impression that FEMA and other agencies were not meeting their obligations. Also, some victims and some government officials did not understand FEMA's responsibility to supplement the efforts of state and local governments.

In recovering from the disasters, FEMA and other agencies did not manage their programs as efficiently as possible. We found that current federal disaster assistance programs do not provide adequate assistance to state and local governments to reconstruct damaged rental units. Also, one approach FEMA instituted to deal with the needs of disaster victims in areas not part of the mainland United States does not conform to the explicit requirements of the Stafford Act.

To help ensure that local, state, and federal agencies are better prepared to respond to disasters, we recommended that the Director of FEMA improve disaster-related administration, training, and coordination activities. We also recommended that the Congress either (1) clarify the portions of the Stafford Act concerning HUD's role in providing housing assistance for disaster victims, or (2) amend housing legislation to provide appropriations to HUD for disaster assistance. (The Cranston-Gonzalez National Affordable Housing Act, P.L. 101-625, partially addresses this by authorizing HUD to receive disaster assistance funds.)

We also believe that Congress may wish to consider (1) providing FEMA with authority to act as a first response agency, where such assistance is warranted and requested, and (2) authorizing FEMA to institute approaches such as "eligible-created resources" that provide permanent, rather than temporary, housing to disaster victims. Such authority should be available only where special circumstances make it impracticable to provide temporary housing.

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Mr. Chairman, this concludes my prepared statement. I welcome the opportunity to respond to any questions that you or Members of the Subcommittee may have.

United States General Accounting Office

GAO

Report to Congressional Requesters

March 1991

DISASTER ASSISTANCE

Federal, State, and Local Responses to Natural Disasters Need Improvement

GAO/RCED-91-43

GAO
United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-242801

March 6, 1991

Congressional Requesters

In response to your requests, we examined the federal government's, particularly the Federal Emergency Management Agency's (FEMA), performance in responding to Hurricane Hugo and the Loma Prieta earthquake in September and October 1989, respectively. We also reviewed state and local governments' and voluntary relief agencies' activities in California, North Carolina, Puerto Rico, South Carolina, and the U.S. Virgin Islands.

Government agencies at all levels—federal, state, and local—could have been better prepared, and improvements in disaster management are needed. We are making recommendations to the Director of FEMA and to the Congress and presenting matters for congressional consideration.

As arranged with your offices, unless you publicly release its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies to the Director of FEMA and the Governors of California, North Carolina, Puerto Rico, South Carolina, and the U.S. Virgin Islands.

This work was performed under the direction of John M. Ols, Jr., Director of Housing and Community Development Issues (202) 275-5525. Other major contributors are listed in appendix II.

J. Dexter Peach
Assistant Comptroller General

List of Requesters:

The Honorable J. Bennett Johnston, Chairman
Committee on Energy and Natural Resources
United States Senate

The Honorable Barbara A. Mikulski, Chair
Subcommittee on VA, HUD and Independent Agencies
Committee on Appropriations
United States Senate

The Honorable Ernest F. Hollings
United States Senate

The Honorable Robert A. Borski, Chairman
Subcommittee on Investigations and Oversight
Committee on Public Works and Transportation
House of Representatives

The Honorable John Conyers, Jr., Chairman
The Honorable Frank Horton, Ranking Minority Member
Committee on Government Operations
House of Representatives

Executive Summary

Purpose

Hurricane Hugo, which struck the U.S. Virgin Islands, Puerto Rico, and the Carolinas in September 1989, and California's Loma Prieta earthquake, which occurred in October 1989, caused multibillion-dollar damages and hardship for hundreds of thousands of people. These two major disasters represented an unprecedented challenge in the extent of damage and demands for staff and other resources for the Federal Emergency Management Agency (FEMA), which is charged with coordinating federal disaster assistance.

Concerned about the timeliness, efficiency, and coordination of the federal response, several Members of Congress asked GAO to examine how FEMA and other federal agencies carried out their responsibilities. To respond to these requests, GAO reviewed federal, state, and local emergency management activities in California, North Carolina, Puerto Rico, South Carolina, and the Virgin Islands.[1]

Background

Under the Stafford Disaster Relief Act (P.L. 100-707), FEMA assists state and local governments in preparedness, response, and recovery efforts. After the President declares a disaster, FEMA supplements the efforts and resources of state and local governments and voluntary relief agencies, which are expected to be the first responders when a disaster strikes. Emergency management includes three phases—preparedness, response, and recovery. State and local governments prepare for disasters by developing emergency plans and conducting training, exercises, and drills. In the response phase, local, state, federal, and voluntary relief agencies serve the victims' immediate needs by providing such items as food, shelter, and emergency power. FEMA does not have a stockpile of materiel resources—such as generators—but can direct other federal agencies to provide staff, equipment, supplies, and other resources. During recovery, federal assistance, such as grants and loans, is provided to repair homes and public facilities.

Results in Brief

The severity of these nearly simultaneous disasters highlighted some problem areas in all phases of disaster management—preparedness, immediate response, and recovery. These problem areas need federal, state, and local agencies' attention to help improve capabilities to respond to future disasters.

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[1] States, as used in this report, include the Commonwealth of Puerto Rico and the U.S. Virgin Islands.

Preparedness problems were linked to weaknesses in state and local programs, as well as in FEMA's assistance and overall guidance. These problems included inadequate planning and training for recovery, low participation by elected officials in training and exercises, inadequate or no standard operating procedures for response and recovery activities, and inadequate coordination between several federal agencies.

Many inefficiencies were noted in the response phase to Hurricane Hugo and the Loma Prieta earthquake. These inefficiencies resulted from staffing and coordination difficulties between agencies at all levels. Also, because FEMA is not authorized to assume the state's role as immediate responder, assistance was delayed in some cases. Legislative action may be needed to give FEMA such authority if it is to act as an immediate responder in the future, when warranted and requested by the state.

State and federal agencies, including FEMA, did not manage their recovery activities as efficiently as possible. This resulted in delays in providing assistance and in duplicate payments for certain activities. Also, legislation may be needed to clarify FEMA's role in responding to disaster-related, long-term housing needs.

While FEMA fulfilled many aspects of its basic mission of supplementing state and local efforts, the severity of these disasters highlighted the need for improvements in disaster management at various levels of government. In this regard, officials of federal, state, local, and voluntary relief agencies have identified numerous areas needing improvement, such as emergency communications, and additional staff. Many agencies have already implemented or plan in the near future to implement corrective measures designed to improve their performances in future disasters.

Principal Findings

Disaster Preparedness Varied

Preparedness is the most critical aspect of emergency management because it affects states' ability to respond to disasters. The federal government, primarily through FEMA, supplements state efforts by providing funding or guidance for plans, training, and exercises. However, state participation is voluntary, and FEMA has no practical means of ensuring a certain level of state preparedness.

GAO found that the preparedness, and thus the capability, of the five states varied. The extent of preparedness ranged from a high level of preparedness in California, which contributed to its ability to respond to the earthquake, to a relatively low level of preparedness in the Virgin Islands, which, together with the magnitude of the disaster, meant that federal agencies had to assume much of the role of first responder after the hurricane struck because the territory could not organize an effective response effort.

Preparedness problems were linked to weaknesses in state and local programs, as well as in FEMA's assistance and overall guidance. These problems included inadequate planning and training for recovery, low participation by elected officials in training and exercises, inadequate or no standard operating procedures for response and recovery activities, failure to correct problems identified during earlier training exercises, a limited number of staff having the necessary disaster assistance skills, and inadequate coordination between several federal agencies.

Response Needs Met, but Staffing and Coordination Problems Existed

Generally, state and local governments and voluntary relief agencies that are responsible for immediately responding to disasters fulfilled their specific roles. For example, they evacuated citizens before the hurricane struck and provided emergency services, such as food and shelter. Federal agencies also participated in these activities by assisting states and local agencies. In North and South Carolina, for example, FEMA officials provided on-site technical assistance before Hurricane Hugo struck. State officials in the five states said that FEMA promptly satisfied nearly all state requests for essential items, such as food, water, and generators. In fact, 80 percent of the 121 local emergency management officials GAO surveyed said that no requested assistance for essential items was delayed long enough to hinder their ability to respond effectively. In addition, 98 percent said their emergency shelters were opened within 1 day of the disaster.

Federal and state officials, however, experienced problems in staffing and coordinating the wide range of response activities. Therefore, the immediate response was not as efficient as it could have been. In the Virgin Islands, for example, the territorial government was not adequately prepared to carry out its response role, and federal agencies filled the gap by performing many of the duties generally carried out by the state. In Puerto Rico, staffing shortages affected state government agencies' ability to provide shelter. In South Carolina, coordination difficulties resulted because two, rather than one, state emergency operation centers were opened, causing delays in initially filling a number of local governments' requests for aid.

Staffing and Coordination Problems Hampered Recovery Efforts

At the peak of recovery operations, FEMA employed about 3,350 people in disaster relief activities in the 5 states, compared with the approximately 230 staff normally assigned to its disaster relief program. GAO identified areas where FEMA's management of the recovery phase should be improved—administration, agency coordination, and housing. For example, in administration, federal, state, and voluntary relief agencies' computer systems were incompatible, and these agencies had to duplicate thousands of assistance applications and enter their data into their computer systems, which resulted in delayed assistance. Coordination difficulties surfaced in FEMA's relationship with several other federal agencies.

FEMA also had difficulty in addressing the housing needs of low-income disaster victims in California and the Caribbean. In California, about 4,000 low-income housing units were destroyed or severely damaged. Thirteen months later, 114 units had been approved for funding. In December 1990, an agreement was signed between FEMA and tenant advocacy groups protesting delays in housing rehabilitation. This agreement requires FEMA to provide funds to replace 2,070 low-income housing units made uninhabitable by the earthquake. In the Caribbean, FEMA established "eligible-created resources" under which homeowners were eligible for cash grants to build new homes. GAO concluded that this approach does not conform to the explicit requirements of the Stafford Act. Ten months after the hurricane, about 400 families in the Virgin Islands had not been provided with housing assistance from FEMA.

Lessons Learned and Actions Planned

Agencies at all levels of government involved in disaster assistance have recognized, after these two disasters, the need for improvements in all phases of disaster operations. Further, many agencies have already implemented or soon plan to implement corrective measures. For example, FEMA is currently modifying its training to more fully address recovery needs. FEMA is also considering streamlining the process for providing individual assistance, and has increased its reservist force. South Carolina is taking steps to ensure that state and local elected officials receive proper training and instruction to help ensure that they understand their roles and duties when a disaster strikes. At the local level, a South Carolina county recognized a need for better communications between the state and local levels of government and is working with the state to improve this situation.

Recommendations

To help ensure that federal, state, and local agencies are better prepared to respond to disasters, GAO is making recommendations to the Director of FEMA to improve disaster-related administration, training, and coordination activities. GAO is also recommending that the Congress either (1) clarify the portions of the Stafford Act concerning the Department of Housing and Urban Development's (HUD) role in providing housing assistance to disaster victims or (2) amend housing legislation to provide appropriations to HUD for disaster assistance.

Matters for Congressional Consideration

The Congress may wish to consider providing FEMA with authority to perform as a first response agency, where such assistance is warranted, and should consider authorizing FEMA to institute approaches that provide permanent, rather than temporary, housing to disaster victims. Such authority should be available only where special circumstances make it impracticable to provide temporary housing.

Agency Comments

As requested, GAO did not request written comments on a draft of this report. However, GAO discussed the factual information with the federal and state agencies, and they generally agreed with the information presented. FEMA disagreed with GAO's conclusion concerning the eligible-created resources approach. GAO concluded that this method of meeting homeowners' needs does not conform to the Stafford Act's requirements because housing is made available on a permanent instead of temporary basis. FEMA has taken the position that the Stafford Act provides the flexibility to use eligible-created resources for housing needs. In addition, the Virgin Islands took issue with GAO's description of its role of first responder. As a result, GAO added information to the report to reflect its views.

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Abbreviations

DOD	Department of Defense
EPA	Environmental Protection Agency
EPD	Emergency Preparedness Division
FEMA	Federal Emergency Management Agency
GAO	General Accounting Office
HUD	Department of Housing and Urban Development
IFG	Individual and Family Grant program
SBA	Small Business Administration
SCS	Soil Conservation Service
SLPS	State and Local Programs and Support Directorate
SRO	single room occupancy

Chapter 1

Introduction

During September and October 1989, the United States experienced two of the worst natural disasters in its history—Hurricane Hugo and California's Loma Prieta earthquake. Hurricane Hugo was one of the most devastating and costly hurricanes ever to strike the United States and its territories. It struck the U.S. Virgin Islands on September 17, 1989, with winds in excess of 140 miles per hour. The storm passed directly over St. Croix and Puerto Rico, and on September 22 it hit the coast of South Carolina. It then continued through North Carolina.

About a month later—on October 17, 1989—the Loma Prieta earthquake struck northern California. It measured 7.1 on the Richter scale—the strongest earthquake to strike the San Francisco Bay area since 1906. The main shock lasted 7 to 10 seconds and was felt over a 400,000-square-mile area. Estimated damage of more than $6 billion was reported from Sacramento to Monterey, with severe damage in Alameda, San Francisco, and Santa Cruz counties. State and local emergency management agencies, as well as voluntary relief agencies, are expected to be the first agencies to respond to the needs caused by natural disasters. FEMA and other federal agencies supplement these efforts.

Damage Caused by Hurricane Hugo and the Loma Prieta Earthquake

After Hurricane Hugo and the Loma Prieta earthquake, federal, state, and local agencies faced extraordinary challenges to provide the services and supplies needed to help those affected by the disasters and to rebuild housing and public facilities. In an average disaster,[1] the Federal Emergency Management Agency (FEMA) estimates that about 2,500 individuals and families apply for federal disaster assistance, and FEMA would spend about $10 million. In contrast, after Hurricane Hugo and the Loma Prieta earthquake, about 400,000 individuals and families requested assistance. FEMA's estimated expenditures for these disasters, as of December 12, 1990, amounted to over $2 billion, as shown in table 1.1.

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[1] Although a natural disaster may strike several states, the President considers each state individually for major disaster declarations. Accordingly, Hurricane Hugo resulted in four major disaster declarations.

Table 1.1: FEMA's Estimated Expenditures and Disbursements for Hurricane Hugo and the Loma Prieta Earthquake

Location	Estimated expenditures	Disbursements
California	$528,335,000	$125,973,915
North Carolina	59,000,000	36,214,130
Puerto Rico	702,810,000	462,847,960
South Carolina	407,000,000	263,130,304
Virgin Islands	452,000,000	193,154,755
Total	**$2,149,145,000**	**$1,081,321,064**

Note: Data are as of Dec. 12, 1990.

Source: Compiled by GAO from FEMA data.

Table 1.2 shows the amount paid to hurricane victims who were covered under the National Flood Insurance Program.[2] Payments from this program are derived from insurance premiums paid by the policyholders.

Table 1.2: Payments to Victims of Hurricane Hugo Through FEMA's National Flood Insurance Program

Location	Total claims	Claims paid	Total payments	Average payment
North Carolina	1,146	871	$5,911,548	$6,787
Puerto Rico	644	436	2,435,101	5,585
South Carolina	14,668	11,316	349,849,234	30,916
Virgin Islands	505	315	5,624,572	17,856
Total	**16,963**	**12,938**	**$363,820,455**	$28,120

Note: Data are as of Nov. 15, 1990.

Source: FEMA.

In addition, other federal agencies, including the Departments of Agriculture, Education, and Transportation and the Small Business Administration (SBA), have projected expenditures of about $1.5 billion for these disasters, as of September 7, 1990.

Emergency Management Includes Three Phases

Emergency management operations for disasters include three phases: (1) preparedness, (2) response, and (3) recovery. In the preparedness phase, state and local governments administer emergency preparedness programs with ongoing activities to help ensure that they are ready to respond to disasters. Their programs include preparation of emergency operations plans and participation in training and disaster exercises that simulate actions before and after a disaster. FEMA partially funds emergency preparedness programs. In fiscal years 1989 and 1990, FEMA provided over $94 million each year to states for their programs' emergency preparedness activities.

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[2] The National Flood Insurance Program is a federal program, administered by FEMA, that provides property owners with flood insurance. The program is designed to provide an alternative to disaster assistance.

During the response phase, local, state, federal, and voluntary relief agencies address emergency needs. Among other things, they provide food and shelter, and restore electric power. Once the immediate disaster response is underway, agencies begin the recovery phase. The recovery phase involves such activities as funding the repair of houses and public facilities and providing assistance to individuals and businesses for damages.

Many Agencies Provide Assistance

When a disaster threatens or strikes, responsibility for protection, relief, and recovery initially resides with the individuals and institutions affected, with aid from state and local governments and voluntary relief agencies. When these resources are inadequate, the governor can request federal assistance. The disaster relief program, managed by FEMA, is the primary source of federal aid. The President declares major disasters under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 100-707), as amended, under which federal assistance supplements the efforts and resources of state and local governments and voluntary relief agencies. The 1988 act made substantial changes to prior disaster relief legislation; in particular, it expanded eligibility and increased funding in both individual and public assistance programs.

FEMA's pre-disaster activities include assisting, reviewing, and providing funds for state emergency preparedness activities. In the response phase, FEMA monitors potential or actual disasters, assesses damages, and prepares a recommendation for a disaster declaration after the governor determines that the magnitude of the situation exceeds the state's capabilities. FEMA may also identify a location for the disaster field office, which serves as a focal point for FEMA's coordination activities and supports other federal, state, and voluntary relief agencies as well. FEMA also coordinates with local governments to identify locations for disaster application centers, which provide central locations within the affected area for individuals, families, and businesses to apply for aid.

After the declaration, FEMA and the state sign an agreement describing the terms and conditions governing federal disaster assistance. The agreement lists the counties eligible for assistance; stipulates any division of costs among federal, state, and local governments, and other conditions of assistance; and specifies the period officially recognized as the duration of the disaster.

Following a presidential declaration, individuals, as well as public and nonprofit entities, are eligible for federal grants and/or loans. To obtain assistance, disaster victims must apply to different federal, state, and voluntary relief agencies that determine the types and amounts of assistance to be provided.

Assistance for Individuals and Families

Individuals and families seeking assistance must often apply to several different agencies for assistance. Victims whose immediate needs are not met by voluntary relief organizations, such as the Red Cross and the Salvation Army, can register with FEMA by telephone or in person at one of the disaster application centers, where representatives of federal, state, local, and voluntary relief agencies provide information and offer assistance. For example, after a person applies for housing assistance, FEMA inspects the property to verify the extent of damage. Under its temporary housing program, FEMA can provide (1) a grant (generally not to exceed $5,000) to make minimal repairs to restore habitability;[3] (2) rental assistance, generally for 1 to 3 months, but up to 18 months; (3) a mobile home for up to 18 months if other rental housing is not available; or (4) readily fabricated housing (used only in the Caribbean and Pacific islands). If FEMA cannot satisfy the victims' temporary housing needs, it refers them to SBA or, as appropriate, to other programs. For example, victims whose homes are damaged beyond the FEMA allowance for minimal home repairs or who seek assistance for damage to personal property are referred to SBA's disaster loan program.

SBA lends up to $100,000 for real property damage and up to $20,000 for personal property. SBA inspects the property to verify the extent of damage, determines whether the applicant has the ability to repay the loan, and if the applicant qualifies, offers either an 8-percent loan for 3 years or a 4-percent loan for 30 years.

Applicants who do not qualify for SBA loans are referred to the Individual and Family Grant (IFG) program. The IFG program is administered by the state, with the federal government providing 75 percent of the grant costs. The IFG program offered grants of up to $10,400 for serious disaster-related needs not covered by other programs or insurance.

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[3] On a case-by-case basis, FEMA authorized a $10,000 and $12,000 maximum for Puerto Rico and the Virgin Islands, respectively, for Hurricane Hugo.

Victims unable to meet eligibility requirements for these programs or who have remaining unmet needs may apply to the Red Cross, Salvation Army, or other voluntary relief agencies for aid and assistance.

Assistance for Damaged Public Facilities

FEMA provides public assistance funds for emergency work to save lives and protect health, safety, and property and for permanent work to repair, restore, and replace damaged public and nonprofit facilities. The federal portion of public assistance funding is at least 75 percent, with the state and/or local governments generally paying the remaining 25 percent.

Public assistance for different needs is available for debris removal, emergency protective measures (such as sandbagging or bracing buildings) to eliminate health and safety hazards and to help prevent additional damage to structures, roads and bridges, water control facilities, public buildings and utilities, and repairs to other facilities.

FEMA Coordinates Role of Other Responders

Other agencies also have established roles in emergency management. FEMA coordinates the work of these agencies—federal, state, local, and voluntary—during different phases of emergency management.

At the federal level, in addition to FEMA, other agencies assist in responding to major disasters. FEMA often establishes memoranda of understanding with federal agencies to help clarify and delegate disaster relief responsibilities. At the time of the hurricane, FEMA had no materiel resources, such as generators, to provide if a disaster were declared. However, when a disaster is declared, FEMA may develop "mission assignments" that direct federal agencies to perform specific disaster activities.[4] In addition, some federal agencies, such as the U.S. Army Corps of Engineers (Corps), have their own authority to conduct particular disaster relief and recovery activities. While FEMA may give any federal agency a mission assignment, those federal agencies that generally may be involved in responding to disasters are listed in appendix I.

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[4] FEMA augments its staff, equipment, supplies, facilities, and other resources, including managerial and technical services, in support of state and local disaster assistance efforts through mission assignments. Normally, mission assignments direct other federal agencies to perform work to assist FEMA in accomplishing its disaster recovery tasks.

At the state and local levels, state and local governments have the primary responsibility for disaster relief preparedness, response, and recovery. State and local emergency management agencies, using FEMA funds and technical guidance, develop emergency operations plans and conduct training programs. These agencies also conduct exercises to test emergency operations plans. The state emergency management agency is responsible for reviewing such plans to help ensure that they comply with FEMA's guidelines. State governments also act as an agent through which federal disaster assistance is obtained.

Finally, voluntary relief agencies, such as the American Red Cross and the Salvation Army, assist state and local governments in their first response roles by providing and distributing food, clothing, shelter, medicine, and other related emergency supplies and equipment. The disaster assistance roles of voluntary relief agencies may be designated by one or more of the following methods: (1) self-defined missions; (2) agreements with local, state, and federal agencies; or (3) legislative mandate. FEMA is authorized to use the services of voluntary organizations and to establish agreements for coordinating disaster relief efforts. The Red Cross, the largest voluntary provider of assistance during the Hurricane Hugo and Loma Prieta earthquake disasters, also assists in disaster recovery efforts by providing grants to individuals and families, and referring families to available governmental and other resources for aid.

Objectives, Scope, and Methodology

We received requests from Senator Ernest F. Hollings and the chairpersons of several committees and subcommittees to review the federal government's, and particularly FEMA's, performance in responding to the Hurricane Hugo and Loma Prieta earthquake disasters, which occurred in September and October 1989, respectively. We were also asked to review state and local governments' and voluntary relief agencies' activities. The major objectives of these requests were to review FEMA's

- implementation of its responsibilities under the Stafford Act;
- timeliness, efficiency, and competency in responding to the needs of state and local governments and disaster victims;
- capability for coordinating and directing the activities of other governmental and nonprofit relief organizations; and
- relationship and coordination with state and local disaster assistance agencies.

Our work was done at the FEMA disaster field offices, where federal, state, and voluntary relief agencies coordinate their response efforts;

disaster application centers, where disaster victims apply for assistance; FEMA regional offices; and FEMA headquarters. We contacted federal and voluntary relief agencies involved in disaster response and recovery to determine the adequacy of the overall federal response. These agencies included the Departments of Agriculture, Defense (DOD), Education, Housing and Urban Development (HUD), and the Interior; Environmental Protection Agency (EPA); General Services Administration; SBA; and voluntary relief agencies, such as the American Red Cross and the Salvation Army. We also interviewed state officials for each of the states included in our review to discuss preparedness (including planning and training), response, and recovery activities.

At the federal level, we reviewed FEMA's disaster declaration information; damage assessment reports; mission assignments to other federal agencies; temporary housing, IFG, and public assistance application status reports; and additional documentary evidence and support pertaining to the objectives of this review. State and local government documentation and records we reviewed included emergency operations, public assistance, IFG, and hazard mitigation plans; journals, records, and correspondence concerning requests for emergency services such as debris removal, generators, and other types of disaster assistance; emergency exercise reports; and schedules and rosters of emergency operations training.

Because requests for assistance usually originate at the local level and because officials at this level are among the first to identify the nature and extent of the damage, we conducted a survey of local emergency preparedness officials. We contacted 121 of the 122 counties or localities included in the disaster declarations in California (11), North Carolina (29), Puerto Rico (57), and South Carolina (24) to assess the timeliness and efficiency with which requests for assistance were handled.[5] Interviews were not conducted with local officials in the U.S. Virgin Islands because there is no local government comparable to counties (as in California, and North and South Carolina) or municipios (as in Puerto Rico). But comparable information was obtained from territorial government officials. The survey was conducted during April and May 1990.[6] We asked respondents about the adequacy of emergency preparedness training and plans; training needs; the specific requests that emergency personnel made for assistance such as food, water, generators, and medical supplies; and the timeliness of the responses to these requests. All instances for which local officials identified difficulties or delays in receiving requested assistance were traced to the state level and, if appropriate, to the federal level to determine the causes of the delays. Portions of this survey were also conducted with officials from each of the states to determine whether they had difficulties with requests for assistance from FEMA. We also reviewed reports, testimonies, speeches, and other documents from federal, state, local, and voluntary relief agencies that discussed lessons learned as a result of Hurricane Hugo or the Loma Prieta earthquake.

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[5] We were unable to contact representatives from one of the cities in California that had received a disaster declaration.

[6] A copy of the questionnaire, which shows the overall response, is available upon request. The Spanish translation of the questionnaire used in Puerto Rico is also available upon request.

We performed our detailed audit work between October 1989 and September 1990, and updated information dealing with federal and state actions through January 1991, in accordance with generally accepted government auditing standards. As agreed with the requesters' offices, we did not request formal agency comments on this report. However, we did discuss the facts presented in this report with federal and state agencies, and they generally agreed with the facts presented.

Preparedness for Disaster Response and Recovery Varied

Preparedness is the most critical aspect of emergency management. It affects state and local governments' ability to respond to citizens' needs immediately after a disaster as well as during the longer-term recovery. State and local governments have primary responsibility to prepare for and respond to a disaster. The federal role—primarily through FEMA—supplements state and local preparedness efforts by providing guidance on the content of disaster plans, training courses, and exercises to test plans and funding for planning and training.

The preparedness, and thus the capability, of the states we reviewed varied. California, for example, has a large state emergency organization and state-funded training. In contrast, the Virgin Islands had one emergency planner and no state-funded training. California's level of preparedness contributed to its ability to respond to the earthquake with relatively few problems, while the Virgin Islands' lack of preparedness meant that FEMA and other federal agencies had to assume the territory's role as "first responder" because it could not organize an effective response effort.

While some states we reviewed were well prepared, all of them had some problems in their preparedness efforts. These problems resulted from weaknesses in state and local programs, as well as in FEMA's assistance and overall guidance. They include inadequate planning and training for recovery; low participation by elected officials in training and exercises; inadequate and/or no standard operating procedures for response and recovery activities, such as managing an emergency operations center; and failure to correct problems that state and local officials' agencies identified earlier.

State and Local Disaster Preparedness Efforts Supported by FEMA

State and local governments have primary responsibility for disaster preparedness. They, therefore, should develop emergency plans and conduct classroom instruction and training exercises to prepare their officials for disasters. FEMA provides guidance for plans, training, and exercises, and funds emergency planning and training. However, state participation in these preparedness activities is voluntary, and FEMA has no practical means of ensuring state preparedness.

State and Local Governments Prepare for Disasters

States are responsible for developing emergency preparedness plans, offering emergency preparedness classroom training to state and local officials, and providing guidance to local officials on how to prepare local plans. Local governments are responsible for developing plans, which outline their disaster roles and responsibilities, and conducting and evaluating training exercises. Local emergency management officials we surveyed believed they were well prepared to respond to Hurricane Hugo or the Loma Prieta earthquake, but some believed that improvements could be made. Additionally, they all said they had an emergency operating plan at the time the disaster struck.

Local emergency managers we surveyed also favorably rated their preparedness activities. For example, 77 percent of the local emergency management directors believed that, overall, the training they received between January 1988 and the disasters did a good job in preparing the local staff to respond effectively to these disasters. About 80 percent of the local emergency management directors reported that their emergency plans did a good job in preparing them for the disasters. In general, the more times a county had drilled before the disaster since January 1988, the more closely it used the plan as intended during the disaster. Further, between January 1, 1988, and September and October 1989, when the disasters struck, local officials said they had conducted an average of 4.7 training exercises.

FEMA Provides Assistance to States

FEMA provides technical assistance and funds to states for their preparedness programs through comprehensive cooperative agreements. Each state we reviewed had agreed with FEMA to accomplish certain objectives to increase emergency management capability, such as developing plans and conducting classroom instruction and training exercises. Through these agreements, FEMA provides funding or guidance for drafting emergency plans, training state and local employees, and conducting training exercises. Table 2.1 shows the amount of disaster preparedness funds FEMA obligated for fiscal year 1989 to each of the five states.

Table 2.1 FEMA Disaster Preparedness Funds to Five States, Fiscal Year 1989

State	Funds[a]
California	$7,322,204
North Carolina	2,123,188
Puerto Rico	1,247,390
South Carolina	1,507,044
Virgin Islands	215,433
Total	**$12,415,259**

[a] Distribution of funds is based, in part, on state population.

Source: FEMA.

Although FEMA can withhold funds when states do not accomplish the agreed-upon objectives, such as updating emergency preparedness plans, FEMA officials believe that withholding funds is not a realistic option for enforcing preparedness agreements. Instead, withholding funds can result in a lower degree of preparedness.

In addition to general disaster assistance, FEMA offers a number of disaster-specific preparedness activities to assist state and local governments.[1] During fiscal year 1990, for example, FEMA provided funds for the earthquake program in 17 earthquake-prone states. Additionally, FEMA coordinates with 26 federal agencies that plan and conduct training exercises to aid in their overall response to catastrophic earthquakes. In California, federal and state officials said a FEMA exercise that tested the catastrophic earthquake plan—2 months before the earthquake—contributed greatly to a well-coordinated response.[2] Further, FEMA has adapted the catastrophic earthquake preparedness plan for responding to catastrophic and near-catastrophic disasters, such as hurricanes of Hugo's magnitude. In November 1990, FEMA issued its draft Federal Natural Disaster Response Plan. The Plan establishes the basis for fulfilling the federal government's role in providing response and recovery assistance to a state and its local governments affected by a catastrophic earthquake or other significant natural disaster.

For hurricanes, FEMA provided funds for 30 evacuation studies in 19 states. Hurricane evacuation studies help to determine the amount of time needed to evacuate counties, given the local population and the severity of the storm. These studies proved useful during Hurricane Hugo. For example, FEMA-funded hurricane studies helped in conducting successful evacuations in South Carolina, where state officials evacuated about 264,000 people from coastal areas. As of November 1990, 15 studies had been completed in 13 states. FEMA also had 15 additional studies underway in 12 states, including Puerto Rico, which are scheduled for completion by fiscal year 1993.

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[1] Disaster-specific activities are for one type of disaster, rather than general training, which may be applicable in responding to several types of disasters.

[2] The catastrophic earthquake plan outlined the policies, operations, organizational structures, and specific assignments of responsibility that provide the basic federal supplemental assistance to state and local efforts in responding to a catastrophic earthquake.

Level of Preparedness Differs Among States

State and local governments decide what resources and emphasis their preparedness programs receive; consequently, their emergency response and recovery capabilities differ. Emergency management capabilities among the five states differ by a state government's organizational structure, level of state staffing and training, frequency of exercise drills, and frequency of presidentially declared disasters. FEMA's Associate Director, State and Local Programs and Support Directorate (SLPS), said capabilities to respond to natural disasters of the magnitude and complexity of Hurricane Hugo vary widely at all levels throughout the emergency management community.

For example, FEMA officials said that states such as California and North Carolina have placed emphasis on their disaster preparedness programs, and that these states generally had few coordination problems during the immediate response phase. Although the situations in these states were not as severe as those in the three other states, these states reported making fewer requests to FEMA for immediate emergency assistance than the other three states. In contrast, the Virgin Islands had difficulties in implementing its emergency plan and did not correct problems it had identified during earlier training exercises. These problems contributed to the Virgin Islands' inability to fulfill its first responder role after Hurricane Hugo struck.

The following discussion illustrates the different degrees of emphasis the states had placed on disaster preparedness.

California

California has had four presidentially declared disasters, including the Loma Prieta earthquake, since October 1, 1987. As of July 1990, the State Office of Emergency Services had a staff of about 209, including about 86 planners and 26 training staff. During fiscal year 1989, the state funded 15 emergency management training courses through its training institute, in addition to FEMA-funded training courses. The training institute offers state-sponsored training courses, such as design and function of emergency operations centers, and disaster planning courses, complemented by FEMA-sponsored courses. FEMA's regional training official said California's training program is excellent. Between January 1, 1988, and the earthquake's occurrence, California counties that were declared a disaster after the Loma Prieta earthquake had conducted, on average, eight training exercises to test their emergency plans. In its fiscal year 1988 report on state and local exercise requirements, FEMA stated that California had fulfilled its disaster exercise requirements.

North Carolina

North Carolina had three presidentially declared disasters, including Hurricane Hugo, in fiscal year 1989. At the time of Hurricane Hugo, North Carolina's Division of Emergency Management had a staff of 77, including 22 planners and 7 training and/or exercise officers. In addition to FEMA-funded training, the state funded 39 additional training courses in fiscal year 1988 and 9 in fiscal year 1989. FEMA officials said North Carolina was successful in obtaining emergency management funds from nonfederal sources, such as private companies and other state funds.[3] In fiscal year 1989, North Carolina's non-FEMA funding totaled about $4.2 million, including $2.7 million in state funds and $1.5 million in other nonfederal funds. North Carolina counties reported conducting an average of four exercises during fiscal years 1988 and 1989. In its fiscal year 1988 report on state and local exercise requirements, FEMA rated North Carolina's overall disaster exercise activities as exceeding requirements.

Puerto Rico

Puerto Rico has had two presidentially declared disasters, including Hurricane Hugo, since October 1, 1987. As of August 1990, Puerto Rico's Office of Civil Defense had about 130 staff, plus 10 planners and 2 training and/or exercise officers. In fiscal year 1989, Puerto Rico had 49 state-funded training activities, including orientation sessions and conferences. In its fiscal year 1988 report on state and local exercise requirements, FEMA stated that Puerto Rico did not meet its performance requirements because information provided on exercise objectives was inadequate. A FEMA regional official said local governments were better prepared to respond during Hurricane Hugo than the state government.

South Carolina

South Carolina has had one presidentially declared disaster since October 1, 1987—Hurricane Hugo.[4] South Carolina's Emergency Preparedness Division has a staff of 37, including 14 planners and 2 training and/or exercise officers. As of July 1989, the state had no state-funded training. In its fiscal year 1988 report on state and local exercise requirements, FEMA reported South Carolina's overall performance of disaster exercise activities as "undetermined" because the data in South Carolina's exercise reports were inadequate to determine the state's performance.

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[3] Nonfederal funding included encumbrances from the previous fiscal year, assessments against utility companies, transfers from other state funds through the Governor's office, a Department of Administration transfer for construction, and public donations for tornado and hurricane victims.

[4] South Carolina had another major disaster declaration in October 1990.

Virgin Islands

The Virgin Islands has had one presidentially declared disaster since October 1, 1987—Hurricane Hugo. As of August 1990, the Virgin Islands Territorial Emergency Management Agency had a staff of 13, including 1 planner and 2 training and/or exercise officers. FEMA officials notified the territory that the planner was not performing planning activities as required by FEMA regulations, according to a territorial official. Also, the Virgin Islands' emergency operations administrative plan was found inadequate by the Virgin Islands Territorial Emergency Management Agency because it was outdated and too complex. The Virgin Islands has no state-funded training courses and did not follow FEMA's training guidance. According to a FEMA regional official, the former Virgin Islands emergency management director did not want FEMA involved in his managerial decisions and therefore did not send representatives to FEMA-sponsored training. In its fiscal year 1988 report on state and local exercise requirements, FEMA said the Virgin Islands met its annual exercise requirements. FEMA Region II officials, however, more recently said the Virgin Islands continues to be inadequately prepared to respond to a major disaster.

Limited Participation by Elected Officials in Preparedness Activities

Officials in North and South Carolina and the Virgin Islands said few elected officials participated in classroom training and training exercises. In commenting on this lack of participation, the South Carolina Governor's Emergency Management Review Panel reported in July 1990 that through training, elected officials would become more knowledgeable of the roles of agencies and the resources that are available to them during times of emergency. Given their responsibilities, the report concluded that it is important that these officials be competent in a number of emergency management skills in the event of a disaster.

In Charleston County, South Carolina, which sustained some of the state's heaviest damage from Hurricane Hugo, limited participation by elected officials in exercises contributed to coordination difficulties, such as a lack of knowledge about FEMA's role, during the immediate response phase of the disaster. To improve this situation, South Carolina's Emergency Preparedness Division is considering developing mandatory training programs for local and municipal elected officials.

Further, FEMA noted that one of the major problems with state and local responses to Hurricane Hugo was inadequate attention by state and local elected officials to disaster preparedness. The Virgin Islands' exercise officer cited low participation by elected officials in fiscal year 1989 training exercises. The Virgin Islands' interagency hazard mitigation team recommended that the executive and legislative branches of government be made thoroughly familiar with the procedures and mechanisms for disaster preparedness, response, and recovery.[5]

Emergency Preparedness Improvements Needed at All Levels

The positive effects of emergency preparedness, such as successful evacuation activities, are obvious. However, we identified several problems that need to be addressed: minimal planning and training for recovery, low participation by elected officials in classroom and exercise training, inadequate or no standard operating procedures for response and recovery activities, and uncorrected problems identified during training exercises. Weaknesses in these areas at all levels of government contributed to the lack of coordination that disaster assistance providers encountered during immediate response and recovery; these weaknesses also resulted in a duplication of effort and unnecessary delays in providing essential assistance.

FEMA Placed Little Emphasis on Longer Term Recovery Needs

FEMA requires states to have separate emergency plans for administering disaster recovery programs, such as plans for the IFG and the public assistance programs. Under FEMA criteria, however, local governments may have only one emergency plan, which may not adequately address recovery information—such as locating and furnishing disaster application centers and contracting for debris removal. Although the majority of the local emergency management officials we surveyed believed the plans prepared them for disaster, 39 percent said their plans needed major changes, including six officials who stated the need for specifying additional recovery-related information.

FEMA uses the criteria in its civil preparedness guide to review local emergency plans and provide feedback, as appropriate, through the states. However, civil preparedness guides have few provisions for recovering from a disaster. For example, only 4 of FEMA's 217 data requirements for reviewing emergency plans partially or fully addressed recovery issues. In addition, while there were at least 11 data requirements for operating and managing the emergency operating center, no such provisions were included for identifying and establishing disaster application centers. Further, no provisions were included for identifying and managing the damage inspection and reimbursement process for public and private nonprofit facilities.

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[5] The interagency hazard mitigation team is composed of officials from federal, state, and local agencies that, in the immediate aftermath of a disaster, meet to identify disaster mitigation opportunities.

Because FEMA has placed little emphasis on recovery issues in its planning guidance and training curriculum, states, in turn, provide a minimal amount of training for recovery activities. Further, local officials do not conduct recovery activities in their exercise drills because such activities are not conducive to training exercises, according to a FEMA training officer. Training exercises coordinate disaster response services in the context of time pressures and life-threatening circumstances. FEMA officials said their training courses focus almost exclusively on disaster preparedness and give little attention to recovery issues.

In addition, some FEMA and state and local emergency management officials believe FEMA's training courses are overly focused on civil defense preparedness. Although some of the civil defense training is applicable to natural disasters, not all phases of disaster emergency management are adequately covered. Headquarters officials from both the disaster assistance program and the civil defense program said response and recovery issues are inadequately addressed in FEMA courses. The civil defense official said that FEMA has not had sufficient resources to support planning and training programs for all disaster phases and has, therefore, used its resources for preparedness programs and activities.

In March 1990, at a meeting of state training officers, 36 out of 51 state officers signed a training resolution calling for FEMA to revise its training courses in order to support all phases of emergency management, including recovery. Training officers from four of the five states we reviewed signed the resolution. Additionally, the training officer from the fifth state said that although he missed the opportunity to sign the resolution, he agreed with the resolution.

Further, nearly 60 percent of the local emergency management officials we surveyed wanted training that was not currently being offered. Of these officials, 29 percent cited training in response activities and 27 percent cited training in recovery activities.

As a result of inadequate training in recovery operations, state and local emergency officials said they experienced some confusion in performing their duties, as the following situations indicate:

- In one heavily damaged North Carolina county, local representatives did not know the proper bid process for procuring contractors to remove debris and therefore used a needlessly long bid process in hiring contractors. A fire hazard existed while debris remained on the streets.

- In California, officials in one jurisdiction said they had learned how to handle recovery activities from their experiences with previous disasters. Another jurisdiction in the same county with no previous experience in responding to disasters was not prepared to handle recovery activities and experienced problems when estimating disaster-related damage. Because some local officials did not understand FEMA procedures, they were concerned that the dollar amount rather than the scope of damage listed on the damage survey report would limit the repair of damaged public facilities.
- In North and South Carolina, state officials provided local officials, who were responsible for applying for public assistance, with only one 2-hour briefing on their roles and responsibilities. Because South Carolina did not provide additional training to local officials on how to obtain reimbursement for public assistance funds, local officials were uncertain about how to prepare paperwork and were not aware of the procedures for requesting supplemental benefits. One federal coordinating officer said local officials responsible for applying for public assistance funds did not receive adequate training from the state.

Lack of or Inadequate State Standard Operating Procedures Hampered Response and Recovery Activities

The lack of or inadequate standard operating procedures hampered response and recovery operations in three states—California, South Carolina, and the Virgin Islands. Standard operating procedures are detailed procedures for implementing tasks, such as managing an emergency operations center or reimbursing local governments for public assistance projects. In South Carolina, state officials managing the public assistance program and the IFG program had to develop standard operating procedures as they carried out these functions and, as a result, they spent valuable time developing procedures instead of providing assistance. Lack of or inadequate standard operating procedures for state emergency operations centers in California, South Carolina, and the Virgin Islands contributed to coordination difficulties, such as keeping track of assistance requests.

South Carolina's interagency hazard mitigation team reported in October 1989 that state and local governments had not developed adequate standard operating procedures to cope with emergency alert, response, and recovery needs. Since the earthquake, California emergency officials have revised their standard operating procedures to (1) more clearly describe staff duties and responsibilities and (2) specify procedures for handling requests for resources, and established an organizational structure for an emergency operations center.

FEMA requires state agencies with assigned emergency duties to develop standard operating procedures when FEMA and the state include such procedures in the state's comprehensive agreement with FEMA. We reported on problems caused by the lack of adequate standard operating procedures as early as 1980. In a March 1980 report,[6] for example, we said that state agencies generally are not prepared to effectively implement the disaster response and recovery tasks assigned to them under their respective emergency operations plans because they have not developed detailed procedures on how to accomplish the tasks. The lack of standard operating procedures will cause significant problems in providing relief services to disaster victims on a timely basis, and problems encountered by state agencies demonstrate the importance of having detailed standard operating procedures.

Disaster Exercise Problems Not Corrected

Disaster simulation exercises are used to test and evaluate state and local governments' operating plans and the governments' capabilities for responding effectively to emergencies. FEMA requires state and local governments that receive FEMA funding to conduct at least one exercise annually that simulates different disaster scenarios. After each exercise, the local jurisdiction must report to the state any problems encountered and subsequent plans for remedial action. However, in four of the five states we reviewed, state officials had not ensured that the jurisdictions had taken the remedial actions.

These exercises were instrumental in preparing state and local officials to respond to the major disasters, according to a FEMA regional training officer. In the four states affected by Hurricane Hugo, officials incurred problems during response that were identified in exercises held just prior to the hurricane. For example, Puerto Rico experienced coordination and mass care (i.e., food and shelter) problems during Hurricane Hugo, and these same problems had been identified in an earlier hurricane-related exercise. About 33 percent of the county-level emergency managers in Puerto Rico said they did not have the necessary resources, such as adequate numbers of staff, for shelter operations during Hurricane Hugo. Further, exercises in the Virgin Islands and/or 28 counties in North and South Carolina identified problems with communications, interagency coordination, emergency plans, or standard operating procedures. State and local officials, however, did not correct some of these problems, and they surfaced again when jurisdictions had to respond to needs associated with Hurricane Hugo.

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[6] States Can Be Better Prepared to Respond to Disasters (CED-80-60, Mar. 31, 1980).

One of the five states we reviewed did not meet FEMA's exercise requirements during 1 of the last 2 fiscal years. According to a FEMA report, in fiscal year 1988, Puerto Rico did not meet FEMA's exercise requirements because information provided on exercise objectives was inadequate. While Puerto Rico did meet FEMA's minimum requirements in fiscal year 1989, problems identified during its 1989 hurricane exercise surfaced again during Hurricane Hugo.

St. Croix and St. Thomas officials reported to the Virgin Islands territorial government that they encountered multiple problems during pre-Hugo exercises. These included an inadequate emergency operations plan, inadequate training, lack of resources, inadequate crowd/traffic control, lack of elected official support and personnel, inadequate message control in the emergency operations center, and inadequate warning procedures. Almost all of these problems occurred again when Hurricane Hugo hit the Virgin Islands. These problems impeded evacuation operations; caused confusion in the Emergency Operation Center; and hampered the monitoring and control of contaminated, hazardous materials. In January 1991, territorial officials commented that all warning systems in the territory are under review, and that steps have been taken to improve its emergency broadcast system.

California's August 1989 earthquake exercise—a federal/state exercise—also revealed problems, but the Loma Prieta earthquake occurred less than 3 months later, and the report identifying problems encountered during the exercise was not released until after the earthquake.

Immediate Response Needs Met, but Staffing and Coordination Problems Existed

In four of the five states we visited, state and local governments, as well as voluntary relief agencies, fulfilled their first responder responsibilities. Following their disaster preparedness plans, they evacuated and sheltered citizens before Hurricane Hugo struck and provided emergency supplies to affected citizens immediately afterwards. In the Virgin Islands, however, the territorial government was not adequately prepared to respond to the disaster, and FEMA and other federal agencies had to act as a first responder on St. Croix.

In general, FEMA carried out its supplementary responsibilities to state and local governments. It dispatched staff promptly to the disasters in four out of five cases, and FEMA officials were on site in North and South Carolina before Hurricane Hugo struck. State officials in the five states told us that FEMA satisfied nearly all state requests for essential items on a timely basis.

However, staffing and coordination problems, particularly for FEMA, meant that the immediate response was not as efficient as it could have been. FEMA did not have enough trained staff to deal with the scope of the devastation Hurricane Hugo caused, and its disaster assistance staff was not large enough to deal with the problems of both Hurricane Hugo and the Loma Prieta earthquake 1 month later. State and local agencies also experienced staffing shortages. In addition, because responding federal agencies did not always clearly understand how to manage their overlapping responsibilities, efforts were unnecessarily duplicated.

Responsibilities Generally Met in Four of the Five States

State and local emergency management agencies, as well as voluntary relief agencies, are expected to be the first agencies to respond to the needs caused by the natural disasters. In four of the five states, these agencies responded promptly and provided services and assistance that reflected an appropriate level of preparedness. FEMA and other federal agencies supplemented these efforts. In the Virgin Islands, however, FEMA and other federal agencies became the first responder because of the magnitude of the damage and the weaknesses in the territory's emergency preparedness.

Most Immediate Needs Met

As their emergency operations plans require, state and local government agencies and voluntary relief agencies such as the Red Cross began providing assistance to victims immediately after the disasters struck. In fact, when it was clear that Hurricane Hugo would strike Puerto Rico, these agencies were involved before the storm struck, helping to evacuate citizens and informing residents about damage mitigation procedures. Local emergency management officials in four states told us that their needs for essential and basic items were satisfied in most cases by state, federal, and/or voluntary relief agencies.

Before the hurricane, city, county, state, and/or voluntary relief agencies in the Caribbean and North and South Carolina helped evacuate residents from predicted storm paths and otherwise prepared their areas—declaring states of emergency, activating the emergency operations centers, or opening shelters for the impending storm. Federal and state officials credit the states' evacuation and preparation efforts for the relatively low number of deaths—39—attributed to Hurricane Hugo in North and South Carolina. In these states, several hundred thousand residents were evacuated to inland areas. In Puerto Rico, the Commonwealth government used the Emergency Broadcast System to warn residents of the storm; the System was a major reason why residents were successfully evacuated away from the storm's path. Also, a Commonwealth official said that other reasons for the successful evacuation were the prompt determination by the Governor to request such evacuation and the activation of the National Guard to conduct it.

Emergency response activities after the hurricane and earthquake were performed by various organizations, which were largely coordinated and/or managed by state government agencies. For example:

- In North Carolina, counties activated their emergency operations centers, and the state deployed more than 4,000 state employees, National Guard personnel, and state police to provide emergency services immediately after the hurricane.
- Following the earthquake, local Red Cross chapters in California provided emergency food and housing to 69,000 victims in 45 Red Cross shelters. They also provided 2,000 families with rental housing assistance and 2,100 people with hotel vouchers.
- Commonwealth government agencies in Puerto Rico opened 275 shelters to serve almost 20,000 victims and provided emergency water supplies.
- South Carolina government officials responded to hundreds of phone calls, including requests from local governments for generators, supplies, equipment, and water. They also provided emergency communications to affected counties through a statewide emergency radio network and telephone system which experienced some damage from the hurricane. At the peak of disaster operations in South Carolina, nearly 3,800

National Guard personnel participated in relief activities, according to DOD officials.

Eighty percent of the 121 local emergency management officials that we surveyed said that no requested assistance for essential items—water, food, generators, and medical supplies—was delayed long enough to hinder their ability to respond effectively. Ninety-eight percent said their emergency shelters were opened within 1 day of the disaster, and 88 percent said the major food providers, such as the Red Cross and Salvation Army, began serving food within 1 day after the hurricane or earthquake.

FEMA and Other Federal Agencies Acted as First Responders in the Virgin Islands

The Virgin Islands, and especially the island of St. Croix, presented FEMA with a particularly challenging situation. Although territorial officials commented that they deployed the police force and the National Guard before the hurricane struck, which may be credited with saving lives, the territorial government was unable to conduct many of its first responder activities on St. Croix because of the depletion of local resources and manpower caused by the extensive scale and intensity of the hurricane. As a result, FEMA and other federal agencies took charge of many of the immediate response activities on St. Croix. FEMA headquarters officials said that its first responder role was highly unusual. It expects to be a partner with the state-level government and supplement its response efforts. However, with the devastation of Hurricane Hugo, weaknesses in the territory's response plan, and very limited resources, the territorial government could not function as a full partner. Territorial officials said that they were able to assist in establishing the disaster field office and disaster application centers; provide some emergency housing for disaster victims and federal relief personnel; and collect, store, and distribute relief items provided by federal agencies. They added that the territory's disaster plan did not include a comprehensive management component for multi-island response or for single island administrative isolation because of a major natural disaster situation.

Hurricane Hugo struck the Virgin Islands on September 17 and 18, and on the 19th three FEMA officials arrived to begin response and recovery efforts. The President declared the islands a disaster area on September

20—2 days after the hurricane had passed.[1] FEMA opened two disaster field offices, one on St. Thomas and another on St. Croix on October 2. Disaster application centers were opened—on the islands of St. Croix, St. John, and St. Thomas—during the first week of October.[2] Response and recovery operations were delayed because of the geographical isolation of the Virgin Islands from the mainland United States.

The damage was severe, and many private facilities and the public infrastructure were nearly destroyed. On St. Croix, for example, almost all power and telephone lines were toppled, the water and sewage systems stopped operating, and virtually all means of communications were inoperable. Nevertheless, during the early weeks after Hugo hit, FEMA and other federal agencies arranged for the delivery and distribution of food, water tanks and purification units, and generators. FEMA, along with the local power authority, also coordinated the transportation of numerous utility repair trucks and personnel from the mainland for the reconstruction of the island's electrical system.

FEMA Provided Supplementary but Necessary Assistance

Although state and local governments were responsible for and led initial response activities in most disaster locations, FEMA carried out its role by coordinating and providing federal aid when these agencies could not satisfy requests for assistance. FEMA officials said they were unfairly criticized by public officials who did not understand FEMA's supplementary disaster response role.

A report by the South Carolina Governor's Emergency Management Review Panel noted FEMA's supplementary role. The report said that FEMA plays less of a direct role in disaster response than is publicly perceived. The report said that this misperception by the public, and to a degree, state and local officials, was an element in the criticism following Hurricane Hugo.

In responding to the disasters at the five locations, FEMA established a disaster field office in each state and ultimately opened over 100 disaster application centers for recovery activities. At the peak of its staffing, FEMA employed about 3,350 people, including 368 permanent, full-time FEMA staff, 855 reservists, and over 1,900 locally hired personnel.[3,4] About 233 employees are authorized for the disaster assistance programs—FEMA's office with primary responsibility for responding to disasters.

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[1] The average amount of time between a disaster and the President's declaration decision was 23 days for disasters that occurred between Oct. 1, 1987, and Jan. 31, 1989; over half of this time elapsed between the time of the disaster and the governor's request, as discussed in Disaster Assistance: Timeliness and Other Issues Involving the Major Disaster Declaration Process (GAO/RCED-89-138, May 26, 1989).

[2] Under FEMA procedures, centers are to be opened no sooner than the fourth day after the declaration.

Following disasters, FEMA allocates staff on the basis of such factors as the estimated number of victims who will register for assistance. Figure 3.1 shows FEMA's peak staffing level for each disaster location. Other federal agencies, such as SBA and the Corps, brought hundreds of additional personnel to disaster locations to help with the response and recovery activities.

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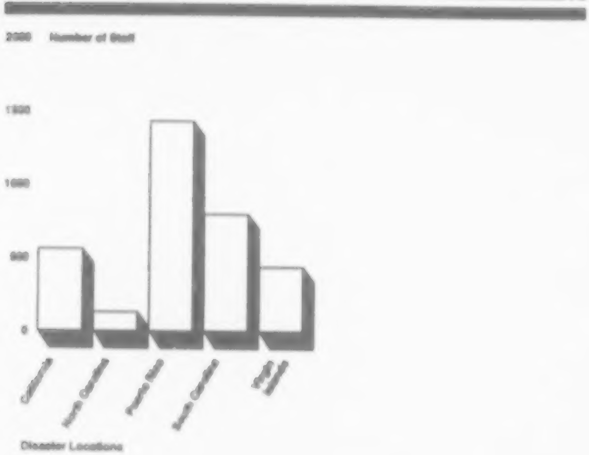
[3] According to FEMA, the total for the five locations may include staff who were assigned to more than one location.

[4] A reservist is a temporary FEMA employee who may be activated to assist in federal disaster response and recovery activities at any number of major disaster locations over a 2-year appointment term. A local hire is a temporary FEMA employee appointed for 120 days to assist in federal disaster response and recovery activities for a specific major disaster at or near the employee's area of residence.

Figure 3.1: Peak FEMA Staffing Levels for Five Disaster Locations in 1989



Source: FEMA

State officials at each disaster location said FEMA had been able to satisfy most of their immediate requests for essential equipment, supplies, and other assistance.

FEMA's Actions in Four States

In Puerto Rico, a FEMA official reached the Commonwealth 2 days after the hurricane and immediately began working with Commonwealth officials to help organize response efforts. A temporary disaster field office was established 3 days later in San Juan, and a full-scale office was opened in the San Juan suburb of Carolina on September 27. During this time, FEMA coordinated with Navy, Army, and Coast Guard personnel to satisfy Commonwealth requests for such things as water, generators, and debris removal. On September 21, 16 of the Commonwealth's 78 counties were declared disaster areas, followed by 40 more counties on September 29, and 1 additional county on October 6. FEMA opened the first 10 of its 33 disaster application centers on September 27, 1989.

In South Carolina, FEMA contacted state officials on September 18—3 days before the storm hit. Three disaster assistance officials, including the director of FEMA Region IV, arrived in the state the day before the hurricane to assist the Governor and state emergency management officials in preparing for the response and recovery efforts. The President signed a disaster declaration for South Carolina on September 22—just hours after the storm hit. The next day, FEMA established a temporary field office in Columbia and continued to respond to state requests for equipment, supplies, and services. By September 28, FEMA's disaster field office in Charleston was fully operational. On the same day, FEMA opened the first 5 of its 30 disaster application centers in South Carolina—6 days after the storm struck. An additional 14 disaster application centers were opened the following week. Twenty-four counties, or approximately one-half of the counties in the state, were declared disaster locations within 8 days of the storm.

In North Carolina, two FEMA disaster officials were working with state officials on a previous disaster when Hurricane Hugo struck on September 22. These officials remained in the state Emergency Operating Center to help the state prepare for Hugo recovery efforts. On September 23, FEMA sent an additional official to the Center to help with response needs. The Director of the North Carolina Division of Emergency Management credits the quick disaster declaration on September 25 to FEMA's early presence. On September 27, FEMA opened its disaster field office. Three days later, FEMA opened the first three of its nine disaster application centers.

In California, less than 3 hours after the Loma Prieta earthquake occurred on October 17, the federal government began to respond to the disaster. Within 24 hours the President declared a disaster, and FEMA immediately established a temporary field office at the Presidio of San Francisco Army Base. By October 25, it had established two full-scale field offices—one in Mountain View and the other in Santa Cruz. By October 23, 12 of the 17 disaster application centers were opened.

Inadequate Number of Trained Staff Made Immediate Response Less Efficient

Many federal, state, local, and voluntary relief agencies we reviewed experienced staffing problems that hampered the efficiency of their efforts. Federal agencies, including FEMA and SBA, did not have a sufficient number of trained personnel to perform critical functions effectively, and Red Cross officials said that they did not have enough people to manage shelter facilities adequately. Staffing shortages contributed to delays in completing essential functions, such as thorough preliminary damage assessments.

Federal Staff Shortages

FEMA had great difficulty in staffing response operations for Hurricane Hugo and the Loma Prieta earthquake. FEMA relied on its personnel from divisions, regions, headquarters; reservists; and local hires to staff simultaneously 5 disaster field offices and over 100 disaster application centers. In some cases, personnel assigned to hurricane disasters had to be reassigned just a few weeks later when the earthquake occurred.

Although FEMA deployed regional and headquarters disaster assistance personnel to these locations, this number was not enough. FEMA also used about 260 staff members from civil defense and other FEMA organizations to supplement disaster assistance personnel. For example, 46 percent of FEMA's regional civil defense staff, along with about 25 percent of its civil defense headquarters staff participated, to some extent, in the relief efforts; about 13 percent of the national preparedness staff assisted. According to FEMA's acting regional director in New York, some of the agency's headquarters and regional staff were neither familiar with nor trained in disaster assistance.

FEMA's staffing inadequacies were most visible in the Caribbean shortly after Hugo struck. FEMA's New York regional office, which is responsible for the Caribbean, initially deployed a small crew of managers to Puerto Rico and the Virgin Islands with little equipment or other resources. Unprepared for the level of devastation, this crew was overwhelmed by the work needed to establish field offices, coordinate with other agencies, and begin the response and recovery efforts.

Later, FEMA's New York regional office assigned 15 of its 18 disaster assistance staff members to the Caribbean after Hugo struck. This was not enough, and additional FEMA staff from New York, other FEMA regions, and headquarters were assigned to help in Puerto Rico and the Virgin Islands. For example, FEMA's temporary housing officer for the Virgin Islands came from its San Francisco office, but he returned to California shortly after arriving because he was needed for earthquake recovery efforts.

FEMA also faced staff shortages in North and South Carolina. In North Carolina, for example, state officials offered to provide staff to FEMA for its disaster application centers. FEMA officials, however, declined because the agency could not provide enough of its own personnel to help train state employees.

Before the disasters, FEMA's regional offices had about 1,300 reservists on their lists, but only about 800 responded to work on the hurricane and earthquake relief efforts. According to FEMA's Associate Director, SLPS, however, the number of reservists was not sufficient to provide enough qualified personnel to respond to several concurrent large-scale disasters. FEMA had to hire more local employees than usual who, unlike the reservists, are untrained. After the hurricane and earthquake, FEMA planned to increase the size of its reservist force to about 2,000 staff. According to a FEMA official, as of October 3, 1990, FEMA had increased its reservist roster to 2,011.

Because of their experience with these disasters, FEMA officials have identified deficiencies among the reservist force in several specific skill areas. FEMA plans to recruit reservists with specialized skills in areas such as financial management and public information. FEMA is currently preparing a profile of its reservists to better identify staffing deficiencies. This profile could then be used by regional offices to share reservists on the basis of their identified abilities and needs.

Some FEMA officials also found it difficult to recruit people with bilingual skills. FEMA did not have sufficient bilingual staff when dealing with disaster victims in these locations. FEMA officials said they plan to recruit more bilingual (especially Spanish-speaking) reservists. For example, since Hurricane Hugo, FEMA Region II has added 135 bilingual reservists to its roster.

SBA officials had difficulty in hiring sufficient numbers of qualified loan officers in the Caribbean. The SBA official in charge of the Virgin Islands office said her office experienced serious backlogs of requests for assistance because sufficient staff were not available.

Most FEMA Staff Do Not Have Disaster Assistance Skills

Most of FEMA's staff do not have skills in responding to natural disasters because they do not work on disaster assistance programs. Under the Civil Defense Act, FEMA has a clear responsibility to prepare the nation's government, population, and resources for survival against attack, nuclear or otherwise, and natural disasters. According to FEMA, it can provide for "dual use" of civil defense resources for natural disaster preparedness and response if such use does not interfere with civil defense purposes.[1]

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[1] Dual use means that disaster preparedness resources may be used for all types of disasters, including attack, and natural or technological disasters, rather than for only one type of disaster.

FEMA's headquarters staff from nondisaster assistance programs received no training in natural disaster response prior to these disasters. Because of the shortages in trained staff that were highlighted during the Hurricane Hugo and the Loma Prieta experiences, FEMA has begun cross-training full-time, nondisaster assistance program staff from various units within FEMA so they could be used whenever disasters extend beyond the capability of the immediate regional and headquarters disaster assistance program staff. FEMA has, thus far, conducted six sessions as part of its cross-training program for nondisaster assistance staff.

Table 3.1 shows the participation rates of nondisaster assistance program employees who have attended disaster assistance training, as of December 1990.

Table 3.1: Nondisaster Assistance Staff Participation in Disaster Application Center Training

Organizational unit	Staff participating		Total staff in unit
	Number	Percent	
Office of Training	54	42	130
Federal Insurance Administration	33	30	109
Office of Administrative Support	18	33	54
SLPS Directorate[a]	20	12	164
National Preparedness Directorate	16	7	240
Office of Acquisition Management	4	11	35
Office of the Comptroller	5	6	85
Office of the Chief of Staff	1	20	5
Office of the General Counsel	1	5	20
Office of Personnel	4	7	58
Office of Regional Operations	1	20	5
External Affairs Directorate	1	5	21
Office of the Director	0	0	4
Office of the Inspector General	0	0	25
Office of Security	0	0	33
U.S. Fire Administration	0	0	17
Total	**158**	**16**	**1,005**

[a] Includes six civil defense staff; excludes disaster assistance program staff.

Source: Compiled by GAO from FEMA data.

State and Voluntary Relief Agencies Had Similar Staffing Problems

Some state agencies and the Red Cross also experienced problems in assigning adequate numbers of qualified personnel to disaster response activities. State and local government officials said that they were overwhelmed by the extent of the damage caused by the disasters and could not provide adequate staff resources. In Puerto Rico, for example, an initial shortage of Commonwealth staff hampered emergency food and shelter operations. The Commonwealth's emergency preparedness plan called for the Commonwealth Department of Housing to operate shelters, but the Department could not at first provide enough staff to operate, and in some instances to open, all the shelters. A shortage of these staff occurred, in part, because many of the Commonwealth's Department of Education employees who were in charge of preparing and serving food in the shelters did not report for work because they were victims themselves. A Commonwealth official said that when the Governor requested that employees of all emergency-related agencies report to work, the staffing problem was immediately corrected.

In addition, California staff responding to the Loma Prieta earthquake were not adequately trained to handle incoming calls for assistance and to keep track of requests for assistance. For example, the Office of Emergency Services' regional office handling the response had six permanent staff members—the normal complement—to respond to the earthquake. The state said that this region is not staffed to handle a major disaster. The region pooled resources from other agencies, such as the local fire and police departments. An official told us that, as a result, much of their response was spontaneous rather than well planned and executed.

The Red Cross also experienced staffing shortages. Nationwide, the Red Cross provided services at over 800 shelters to over 200,000 people affected by the disasters. According to Red Cross officials, the almost consecutive occurrence of large-scale disasters in five states stressed the organization's resources and made it almost impossible for the organization to meet its standards for prompt, effective service. We found the following problems.

- In Puerto Rico, the Red Cross was unable to manage all of the shelters as specified in the Commonwealth's emergency plans, according to Commonwealth and local government officials. The 57 permanent Red Cross staff and the small volunteer force in Puerto Rico were not enough to provide adequate service.
- In California, Red Cross officials said that response personnel were not adequately trained to deal with the needs of ethnic minorities. In its self-assessment, the Red Cross said that its staff was culturally insensitive to victims, and did not have appropriate bilingual skills to serve some communities.

The national headquarters of the American Red Cross evaluated its performance. Among other things, it is increasing its training and staffing, and plans to recruit more minorities to meet the needs of culturally diverse disaster victims.

Response Activities Hampered

In any disaster it is important that response agencies have a clear understanding of their roles so that they (1) appropriately coordinate their efforts, (2) use resources efficiently, and (3) promptly help victims. Although federal, state, and local agencies coordinated their efforts reasonably well in California and North Carolina, they did not do so in the Caribbean and South Carolina. Coordination difficulties were often exacerbated by organizational problems, and inoperable and inadequate communications systems. In some cases, assistance was delayed, processing of assistance requests was hampered, and assistance efforts were duplicated.

Roles and Responsibilities of Some Federal Agencies Not Well-Coordinated

Many federal agencies have disaster assistance authority; FEMA is responsible for providing an orderly means of channeling this assistance to state and local governments. To this end, FEMA has memoranda of understanding with several federal agencies that have emergency authority; coordinates with 26 federal agencies participating in the federal natural disaster response plan; and conducts meetings with federal agencies during and after disaster relief activities. However, inadequate coordination between FEMA, the Department of Education, and the Soil Conservation Service (SCS), for example, contributed to delaying financial assistance to schools and caused duplicate inspections in some states.

In repairing schools, for example, FEMA and Education, with overlapping authorities, did not develop an efficient coordination system for providing assistance. These agencies do not have a memorandum of understanding clarifying their respective roles and responsibilities in emergency situations. According to a federal coordinating officer, FEMA and Education have to coordinate their roles at each disaster to determine their respective responsibilities when a disaster damages public schools. As a result, duplicate damage inspections were conducted and disaster assistance to eligible school districts was delayed, as discussed in chapter 4.

Similarly, in South Carolina, coordination problems arose between FEMA and SCS about overlapping responsibilities for debris removal from drainage ditches. In South Carolina, FEMA and SCS each inspected the same drainage ditches/canals and watercourses. FEMA and SCS have met to work on a memorandum of understanding at the national level to help avoid coordination difficulties in future situations.

Finally, uncertainty between FEMA and EPA over EPA's role in a natural disaster delayed response to potential environmental hazards created by Hurricane Hugo in the Virgin Islands. Potentially serious hazards—water supply contamination, possible chemical and asbestos contamination, oil spills, and sewage treatment problems—threatened the Islands. Because they did not have a mission assignment from FEMA, EPA officials said they were unable to respond immediately. FEMA regional officials said EPA has its own authority to respond to hazards, such as those caused by Hugo. EPA eventually performed a variety of tasks at FEMA's request, 4 weeks after the disaster.

Organizational and Communications Problems Hindered Response Activities

Response agencies' abilities to coordinate activities were hampered by organizational and communications problems, as evidenced at the state level in South Carolina. Immediately after Hurricane Hugo struck, two state emergency operations centers were opened in the capital. The State Emergency Preparedness Office operated one center, and the Governor established the other center in his office. The Governor did this to have immediate, direct control over the state's response efforts and handle requests from state and local officials, which, according to the Governor's Office, the emergency operations center was not able to handle immediately after the hurricane struck. The operation of two separate emergency centers was contrary to the state operations plan, and a duplication of effort. For a short period of time, local officials seeking aid were uncertain about where they should make their requests. According to a state emergency preparedness official, five county requests to the state for assistance were unfilled because of coordination problems between the two centers. About 10 days after the disaster, the State Emergency Preparedness operating center received the first of several calls from mayors or other local officials inquiring about their requests for assistance. Officials in the emergency operations center then called the Governor's Office and learned that it had its own operations center. Many local requests had been made to the Governor's operating center. Initially, this organizational division caused some difficulties but was subsequently corrected: the two operations centers coordinated their efforts so requests for assistance would be forwarded to the State Emergency Preparedness Office.

The Governor's Office stated that the Office of Emergency Preparedness and the Governor's Office were in constant contact from the beginning of the crisis. The Governor's Emergency Management Review Panel reported:

> During Hurricane Hugo, the Governor's Office experienced information difficulties with the Emergency Preparedness Division. These problems were a direct result of the magnitude of the damage and the overwhelming influx of information that the Emergency Preparedness Division (EPD) received. Of particular note was the difficulty in communications and information regarding county and municipal needs. A need is seen for the Governor's Office and the state EPD to strengthen the coordination and prioritization of resources. The necessity for another line of communication became clear as the magnitude of Hugo was realized. As a policy, the Governor's Office command post sought to alleviate the pressure on EPD that county and municipal demands placed on the system. The Governor's Office called local officials for updates and surveyed these officials concerning their needs for critical materials such as supplies, generators and manpower. This avenue can be seen as a supplemental role necessary to assist local governments that were in need of greater, more expedient assistance from the state.

The report concluded that "Better communications could be achieved through a more direct liaison relationship between the Governor's Office and the Emergency Preparedness Division." Similarly, the Emergency Preparedness Division's after-action report on Hurricane Hugo stated that "the existence of [two] operations centers created coordination problems during emergency response and the early stages of recovery" and recommended improved coordination.

Coordination activities were also hindered by communications systems that became defective or inoperable after the hurricane. Damage to electrical and telephone systems in South Carolina impeded communication between agencies and hampered the ability of state and local personnel to respond effectively to the disasters, according to FEMA officials. Many member radio stations in the state's Emergency Broadcasting System became inoperable because of power outages, the lack of generators, or physical equipment damages. The telephone system, which was heavily damaged by the storm, was unable to handle the large number of assistance calls to the state's emergency operations center. South Carolina is planning a new emergency communications network.

In the Virgin Islands, the total breakdown of communications contributed to the previously discussed delay in the disaster declaration, and made a difficult response situation even worse. FEMA officials on St. Thomas, for example, were frequently unable to communicate with their counterparts on St. Croix. Agency officials at all levels had difficulty in communicating with each other immediately after the storm until FEMA augmented its communication capabilities with emergency communications equipment from DOD and the Forest Service.

Although our survey of local managers did not identify problems in receiving requested assistance, about 40 percent of the 121 local emergency management officials we interviewed said that they experienced some to great difficulties with communications in disaster response. Of this 40 percent, half were planning to make changes to their operations plan to help correct these difficulties.

Immediate Emergency Response Support Team

To address problems in immediate response, such as those experienced with communications, FEMA and others have proposed the creation of a federal response team. This team would have the ability to react immediately, at a governor's request and upon FEMA's concurrence, to provide technical assistance and to aid victims until additional resources from other federal, state, and local agencies becomes available. Such a team could be made available even before a disaster is declared to supplement state and local first response efforts at a critical point in time, and to help prepare for the more comprehensive disaster recovery phase. FEMA officials said that the Congress would have to amend the Stafford Act to authorize FEMA to deploy staff to disaster areas prior to a major disaster declaration. FEMA is developing a legislative proposal.

Disaster Response in the Virgin Islands Was Complicated by Law and Order Problems on St. Croix

After Hurricane Hugo, widespread looting occurred on St. Croix. Because of confusion over leadership, roles, and priorities within the Virgin Islands' National Guard, law enforcement was poor or nonexistent. The territorial government requested U.S. military personnel to restore law and order. Poor coordination and communications also contributed to the breakdown of law and order on St. Croix.

According to a territorial official, looting began because Islanders needed emergency supplies and materials, but it escalated as looters took nonessential items such as appliances. Law enforcement agencies did not immediately respond to the looting because

- law enforcers were themselves affected by Hurricane Hugo;
- National Guard officials released their personnel to prepare their own homes for the storm, with no specific return time and date; and
- National Guard personnel who returned after the storm were ineffective because of a lack of National Guard leadership.

Immediately after the hurricane struck, territorial and federal officials agreed that the Guard's response to the situation on St. Croix was inadequate and that a stronger federal presence was necessary. Pursuant to the Governor's request for assistance, the federal government sent 1,200 Department of the Army personnel, agents of the Federal Bureau of Investigation, U.S. marshals, and other law enforcement personnel 3 days after the hurricane to help quell looting and restore order. The troops stayed for over 8 weeks and, in addition to restoring order, played a major role in response activities by distributing water and food, clearing debris, and providing other supplies and services.

By December 1989, the National Guard Bureau, a DOD headquarters' unit, issued a report on the Virgin Islands' National Guard's performance before, during, and after the hurricane. It concluded that the Virgin Islands' National Guard leadership failed in performing its emergency role by not adequately preparing for natural disasters and by not assembling its forces upon notification of an alert. The report made numerous recommendations and discussed areas needing additional review. For example, the report said that the Virgin Islands' National Guard's emergency preparedness plan used for Hurricane Hugo was too general and lacked good operational planning. The Guard intends to form emergency response teams, supplied with communications equipment, to assist local governments in their immediate response activities. The teams will also report on the status of the disaster to the emergency operations center. Further, to provide additional personnel in catastrophic or near-catastrophic disasters, the National Guard intends to develop agreements with other National Guard units in neighboring states.

Recovery Issues Need More Attention

Recovery has been a troublesome phase of FEMA's disaster relief operations in the aftermath of Hurricane Hugo and the Loma Prieta earthquake. Because of inefficient operations and/or uncertainty over roles and responsibilities, longer term recovery assistance has been marked by delays, duplicate payments, and incomplete responses to the needs of disaster victims.

Three areas—administrative matters, coordination between federal agencies, and housing for low-income people—need improvement to help ensure that future disaster recovery efforts are handled more efficiently and effectively. Administratively, because FEMA, other federal agencies, and state governments do not have compatible computer systems, duplication occurred in registering people for assistance. Coordination problems continued into the recovery phase, especially between FEMA and Education, and FEMA and SCS. These agencies duplicated inspections, and needed assistance was delayed to repair damaged schools.

Finally, the recovery phase after these two disasters presented new problems for FEMA: the type and amount of housing assistance it can provide to low-income people in areas where affordable housing is scarce. Advocacy groups in California took legal action against FEMA, alleging that FEMA discriminated against low-income victims. Although the matter was recently settled, little has been done to repair and/or replace low-income housing in the areas damaged by the earthquake. Also, one FEMA approach to providing housing assistance—cash grants for construction of permanent housing for disaster victims—does not conform to the requirements of the Stafford Act.

Magnitude of the Disasters Highlighted Administrative Inefficiencies

In recent years, FEMA has tried to streamline administrative processes to expedite assistance to disaster applicants.[1] However, the large number of applicants seeking relief from Hurricane Hugo and the Loma Prieta earthquake demonstrated that administrative problems continue.

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[1] FEMA's efforts to improve the individual assistance programs are detailed in Disaster Assistance: Program Changes Expedited Delivery of Individual and Family Grants (GAO/RCED-89-73, Apr. 4, 1989).

Incompatible Computer Systems

Federal and state assistance agencies had problems coordinating applicant registration information because of incompatible computer systems. As a result, there were multiple entries, updating of the same data, delays in information-sharing, and difficulties in determining whether duplicate payments were made.

Most agencies administering assistance to individuals or businesses—FEMA, SBA, the state agency administering the individual and family grant program (IFG), and the Red Cross—had incompatible computer systems or systems not integrated with one another. In California, for example, updates on SBA data had to be manually forwarded to and reentered by FEMA. Updates of FEMA and IFG information had to be manually transmitted and reentered in all five states. This delayed information-sharing between the two agencies and resulted in duplication and data inconsistencies between them.

Agency officials said they support developing a computer system that would be compatible between the agencies. In December 1989, 17 governors from the Western Governors' Association recommended that FEMA work with state agencies and the Red Cross to develop and implement the most feasible and economical means for electronically sharing disaster-related information with state agencies and the Red Cross. Similarly, a South Carolina program administrator reported that South Carolina officials had insufficient time to develop an adequate automated system to meet the IFG program reporting standards, and these officials recommended that FEMA consider developing a standardized computer system for the states.

Duplicate Applicant Registrations

FEMA's computer system did not always initially screen registrations for duplicates or verify applicants with the same mailing address. In California and South Carolina, the verification of applicants with duplicate addresses was not performed until a month or more after the disasters.

Over 3,000 of the first 10,000 registrations in California were duplicates because some people who originally registered by telephone registered again in person or by telephone, according to a FEMA official. After receiving complaints from state IFG program officials that they were receiving hundreds of duplicate cases, FEMA implemented an address check to identify duplicate registrations.

However, duplicate registrations and duplicate inspections of damaged properties were not identified, resulting in some duplicate payments.

FEMA officials said they will try to recover about 500 duplicate temporary housing assistance payments in South Carolina and about 300 in California. Similarly, as a result of duplicate registrations and inspections, California officials said about 4,000 IFG grants were either duplicate, excessive, or given to the wrong person.

In California, more than one applicant living at an address caused duplicate inspections and payments. About 23 percent of the registrants in California were multiple registrants by street address, and 10 percent were multiple registrants by housing unit. When more than one applicant at an address applied for aid, duplicate inspections of properties were sometimes made. While FEMA asked, at the time of registration, for the names of all the residents, FEMA officials said their computer system did not match registrants or inspections by address. Further, according to California IFG officials, in many cases several people living in a single residence filed separate claims for the same damage. As a result, individuals who lived in one room of the house were paid for damages to the entire dwelling. To help with such problems, a FEMA headquarters official said the agency is designing a system to screen duplicate registrations by Social Security number.

Duplicate Responsibilities and Coordination Problems Contributed to Delayed Assistance

The lack of adequate coordination between certain federal agencies with similar responsibilities for repair and/or restoration of public facilities created problems for affected communities trying to recover from the recent natural disasters. In California, North and South Carolina, and the Caribbean, assistance was delayed or not provided, partly because of coordination difficulties between FEMA, Education, and state agencies and/or between FEMA and SCS.

FEMA and Education Responsibilities Overlap

The declaration of a major disaster under the Stafford Act triggers aid to school districts from two federal agencies. Under section 406(a) of the Stafford Act, FEMA can provide funds for the repair or reconstruction of a public facility damaged by a major disaster, including public buildings used for educational purposes. Under section 16 of the Education Act (P.L. 81-815), Education can provide federal subsidies to repair or reconstruct public school facilities.

Neither the Stafford Act nor the Education Act addresses this division of authority between the two agencies. However, the legislation suggests that the Congress intended to give primary responsibility for disaster assistance to schools to FEMA and secondary responsibility to Education. The Education Act states that schools must first use funds provided by all other sources (local, state, or other funds, including FEMA assistance and insurance coverage) before Education can consider applications for assistance. In practice, however, Education has provided assistance for damage to instructional facilities, such as classrooms, and FEMA has provided assistance for repairs to administrative facilities and other noninstructional areas, according to a FEMA headquarters official.

Assistance for School Repairs Delayed

The split responsibility for school repairs caused inconsistencies, duplication of effort, and confusion in paying for the repair of damaged schools in California, North and South Carolina, and the Virgin Islands. In addition, some FEMA and Education officials were unclear about their respective responsibilities for certain types of assistance. The two agencies could not agree on the role each agency would play in assisting school districts to repair facilities. In addition, duplicate inspections of damages were performed by the two agencies or by the state.

School districts in California and North and South Carolina received no funds for up to 8 months after the disasters. Education surveyed most school damage in California 1-1/2 months after the earthquake. But because of coordination and other problems, such as duplicate inspections between the school districts and state and federal agencies, the 45 California school districts eligible for Education assistance did not receive approval of their claims totaling almost $10 million until June 1990. Education officials also said California payments were delayed while the state considered enacting a one-fourth of 1 percent sales tax to cover the costs of the disaster, which may have limited Education's responsibility to provide financial assistance to California school districts. As of October 1990, 14 school districts had received about $3 million from Education, and California had spent about $1 million of this amount, according to Education officials.

Delays in funding created hardships for some school districts. For example, a San Francisco technical school was relocated to an elementary school for more than 8 months while awaiting Education funding for repairs. According to a school district official, the technical school's educational program suffered because the elementary school had no laboratories or shops. Education officials said that this school district received $2.7 million in May 1990, and had spent about one-third of this amount as of October 1990.

None of the 48 school districts in South Carolina and 7 in North Carolina that applied for Education assistance had received any funds as of October 1990. Education estimated damage at $24 million for school districts in South Carolina and $1.7 million for school districts in North Carolina. Assistance from Education was delayed in South Carolina while Education waited for insurance claims to be paid from a comprehensive state insurance policy that covered all school districts. Education estimates that this policy will cover about 90 percent of the school damage in South Carolina. Education officials said that its North Carolina payments were delayed by an insurance settlement procedure similar to that of South Carolina's. Also, unlike in South Carolina, assistance from FEMA and Education was delayed in North Carolina because FEMA suspended its processing of damage survey reports, which show the extent of damage and amount of reimbursement, until the roles of the agencies were clarified, according to a FEMA regional official.

Shortly after completing its inspections, Education provided the Virgin Islands with $4.9 million in December 1989, and an additional $43 million by late spring 1990. Education and territorial officials reported that the Virgin Islands is having difficulty in awarding these funds and progressing on their extensive damage repair plan in part because a shortage of contractors has delayed the award of repair contracts.

According to some FEMA and state officials, to improve the administration of the program and to help provide assistance to school districts promptly, one federal agency should deal with the schools. Some favored FEMA as the agency to provide disaster assistance to school districts because FEMA has the staff and the expertise. FEMA officials also believe that FEMA is more accessible to state and local officials because it has staff in the field, while Education handles disaster assistance from its headquarters. In addition, FEMA provides assistance to other public and nonprofit facilities, including colleges, universities, and private schools. One state recommended that Education should have responsibility for schools, including all damage inspections, because of the special interest and knowledge base that Education possesses. Education officials said that it should retain responsibility for parts of the program, such as those dealing with the loss of revenue and increased operating costs caused by the disaster. FEMA and Education are considering ways to improve assistance to the school districts.

FEMA and SCS Disagreed on Responsibilities

Debris from Hurricane Hugo remained in drainage ditches/canals and watercourses in South Carolina 10 months later because of inadequate coordination between FEMA and SCS, according to a state program official. Under its Emergency Watershed Protection Program, SCS can remove debris related to natural disasters to help relieve impaired watersheds and help prevent flooding or erosion as well as imminent hazards to life and property.

Under the Stafford Act, FEMA also has authority for debris removal from publicly and privately owned areas. According to a FEMA headquarters official, generally a stream or drainage ditch that is normally maintained would be eligible for FEMA funding but permanent improvements to the ditch are not eligible for FEMA funding.

FEMA and SCS officials agree that their two agencies did not adequately coordinate such activities after Hurricane Hugo. In South Carolina, for example, SCS was not invited to FEMA's meeting with state and federal officials to promote coordination with the federal agencies. As a result, SCS made damage assessments independently of FEMA, and FEMA did not use SCS inspection reports. In some cases, the inspections were duplicated by FEMA.

When SCS and FEMA tried to coordinate their work—about 4 months after the hurricane—they disagreed on who would pay for the work proposed by SCS. FEMA does not pay for improvements to the water flow of the ditch, the walls of the ditch, or the areas alongside the ditch used for maintenance, so it questioned SCS' estimates when it believed the estimates included such costs. SCS officials said their estimates did not include such costs.

In June 1990, an SCS official estimated that over 1,400 miles of drainage ditches/canals and watercourses in disaster-stricken counties in South Carolina still needed cleaning. According to a state official, 9 months after the hurricane, little debris had been removed and the remaining debris created mosquito infestations, and caused potential fire and health hazards. In the Caribbean, FEMA and SCS also had coordination problems that delayed the removal of debris that was eventually cleared by SCS.

A FEMA headquarters official said that because the SCS program for debris removal is similar to the FEMA program, the agencies are considering signing an agreement to improve future coordination. SCS and FEMA officials have met to discuss a memorandum of understanding to clarify coordination issues but had not completed negotiations as of December 18, 1990.

Low-Income Housing Assistance Frequently Not Provided

Hurricane Hugo and the Loma Prieta earthquake destroyed a substantial amount of housing, particularly low-income housing. The magnitude of the destruction raised a number of questions about FEMA's role and responsibilities in providing long-term housing assistance.

FEMA's Authority for Providing Housing Assistance

Under the Stafford Act, FEMA is authorized to provide assistance for emergency shelter, nonprofit housing, and temporary housing. However, FEMA officials said that the agency does not have the authority to restore or permanently replace damaged low-income housing. More specifically:

- Section 403 authorizes federal agencies to provide "emergency shelter." FEMA interprets emergency shelter to mean temporary shelter and said it could not use this provision to replace rental units for long-term use.
- Section 406 makes damaged public or private nonprofit housing eligible for FEMA assistance; however, most of the earthquake-damaged units were not eligible because they were privately owned.
- Section 408 authorizes FEMA to provide temporary housing assistance to individuals displaced by a disaster. Under this section, FEMA provides mobile homes or readily fabricated dwellings as "temporary housing."

Damaged Rental Units Have Not Been Restored in California

FEMA officials said the Loma Prieta earthquake was the first large-scale disaster in a major urban area where the problem of repairing or replacing low-income housing occurred. The Loma Prieta earthquake struck an area that had a serious shortage of affordable rental housing for low-income residents[2] and a low vacancy rate for all housing.[3] According to Department of Housing and Urban Development (HUD) statistics, the earthquake destroyed about 1,000 low-income units and caused major damage to another 3,000 low-income units.

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[2] HUD defines affordable rent as not more than 30 percent of income for someone with 80 percent of the median income of the area, adjusted for family size.

[3] HUD considers vacancy rates below 5 percent (4 to 6 percent, depending on the rate of growth in the area) to be low. In areas hardest hit by the earthquake—Alameda, San Francisco, and Santa Cruz counties—vacancy rates prior to the earthquake ranged from 0.8 to 2.9 percent.

Most of these privately owned units will not be restored or replaced without government assistance, partly because the repair costs exceed the revenue that could be generated through affordable rents, according to local and federal housing officials. Although owners of damaged rental housing may have been eligible for SBA disaster business loans, their repayment expenses could force them to increase rents, thereby taking the units from the low-income housing inventory. A FEMA official said the Stafford Act does not authorize the agency to restore or replace the damaged units.

A FEMA official said that HUD, not FEMA, should be responsible for restoring or replacing permanent housing. However, FEMA did not believe it had the authority to direct HUD to do so, and HUD did not agree to assume the responsibility. Although section 402 of the Stafford Act authorizes FEMA to direct federal agencies to use their authority and resources, with or without reimbursement, to support state and local assistance efforts, FEMA interprets this section as applicable only to short-term emergency disaster needs instead of long-term needs, such as permanent replacement of damaged housing. As a result, FEMA did not request HUD to assist in housing recovery efforts following the earthquake or to provide disaster funds.

In February 1990, HUD Region IX officials proposed using (1) $44 million in federal funds to help rebuild damaged or demolished housing and (2) 2,000 5-year rental assistance vouchers to aid victims while the housing was being rebuilt. However, HUD headquarters did not fund this proposal. HUD allocated 500 rental assistance vouchers and 664 moderate rehabilitation certificates to the earthquake disaster area. It took 4 months to provide the vouchers, and local authorities in one locality had not received the rehabilitation certificates 8 months after the earthquake.[4] The vouchers provide rental assistance to some low-income renters, and the certificates can help restore buildings with minor damage, but neither program addresses the need to replace or restore the destroyed or seriously damaged units.

To help address the problem of repair or restoration of damaged rental units, the state established the California Natural Disaster Assistance Program for Rental Properties to provide low-interest, deferred loans for rehabilitating these units. To be eligible, an applicant must have first used any available funds from FEMA, SBA, and the state. While these loans are not specifically targeted for low-income units, several owners of damaged low-income housing have applied for aid and may be assisted. Some owners of damaged low-income rental units may receive loans through this program, but because it was designed as a measure of last resort, assistance was delayed, pending the outcome of a lawsuit against FEMA—settled in December 1990, which is discussed in the following section.

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[4] The moderate rehabilitation program is designed to provide financial assistance to private parties to upgrade low-income rental properties in their early stages of deterioration, restore them to standard conditions, and maintain them at that level. The program's objective is to preserve the supply of affordable housing where needed. This program is detailed in Rental Housing: Inefficiencies From Combining Moderate Rehabilitation and Tax Credit Subsidies (GAO/RCED-90-168, June 19, 1990).

Similarly, the state offered low-interest deferred loans of up to $30,000 under the California Natural Disaster Assistance Program for Owner-Occupants, as a last resort to homeowners whose needs were not met by FEMA, SBA, and the IFG program. While the program provided needed assistance to homeowners, damage to some homes may exceed the $30,000 maximum, and the program director said the program was just beginning to receive applications 6 months after the earthquake.

HUD's role in responding to future disasters would change if legislation introduced in the House of Representatives in August 1990 were enacted. Under H.R. 1180, sections of the United States Housing Act of 1937 (50 Stat. 888) and the Housing and Community Development Act of 1974 (P.L. 93-383) would be amended to give HUD the authority to provide disaster assistance from funds appropriated specifically for that purpose.

FEMA's Interpretation of the Stafford Act and Administrative Problems Impeded Providing Temporary Housing Assistance

FEMA's interpretation of the Stafford Act and administrative problems have impeded providing housing assistance in California and St. Croix. In California, FEMA's eligibility criteria for aid excluded some low-income victims, and the aid provided to others did not meet their temporary housing needs. Language and literacy barriers also hindered FEMA's efforts in California. On St. Croix, efforts to repair and rebuild victims' homes have also been delayed because of administrative problems.

After the Loma Prieta earthquake, FEMA required victims seeking eligibility for temporary housing assistance to document the fact that they had lived at a particular location for at least 30 days. Victims who shared housing and those living in single room occupancy (SRO) units had problems meeting this residency requirement. According to local officials, (1) SRO residents often could not afford to stay in an SRO building for an entire month; (2) owners of SRO buildings often did not allow residents to stay longer than a full month, to prevent them from gaining tenancy rights; (3) residents sometimes shared a room with another resident and could not document their own tenancy; or (4) residents had difficulty getting documents from damaged buildings or former landlords. FEMA officials said that only 353 victims qualified for and received temporary housing assistance, out of 859 living units in 8 of the severely damaged SRO buildings in Oakland.

In November 1989, tenant advocacy groups filed a class action lawsuit against FEMA, charging that FEMA discriminated against low-income victims of the earthquake who occupied SROs or other transient accommodations. In a court-approved settlement agreement, FEMA agreed to replace damaged low-income housing under section 403 of the Stafford Act. The agreement stipulated that the work had to be completed within 106 days. Since many of the damaged units cannot be repaired or replaced within the specified time frame, local officials said that few projects will qualify for FEMA aid. Action on the legal settlement was delayed while disagreements between FEMA and the plaintiffs were argued before the court. Eleven months after the earthquake, only one project had been approved for funding. On December 5, 1990, in order to expedite implementation of the settlement agreement, the parties entered into a memorandum of understanding that could require FEMA to provide up to $23.04 million for replacing 2,070 low-income housing units made uninhabitable by the earthquake.

In addition, communication barriers hindered FEMA's efforts to provide assistance to some victims in California. According to state and local officials, many victims were unable to understand and meet FEMA's requirements because they did not understand English well and/or had limited literacy. For example, a local official complained that instructions on temporary housing assistance checks were too complicated for disaster victims with limited reading skills. Also, the instructions were initially only presented in English, which created problems for many Hispanic victims.

FEMA officials recognized the need for alternative forms of temporary housing assistance in South Carolina and provided 230 mobile homes. In California, however, FEMA did not recognize the shortage of alternative low-cost housing when making decisions about the type of temporary housing assistance needed. Initially, FEMA decided that rental assistance checks would be the only form of temporary housing assistance provided to displaced renters, not recognizing that only a limited number of affordable rental units were available. Consequently, many victims remained in Red Cross shelters for long periods of time. After several weeks and considerable community pressure, FEMA agreed to provide 150 mobile homes, primarily for the Watsonville area (south of San Francisco) and began formulating plans to provide funds for emergency shelter for other areas. Few occupants of the mobile homes in California were able to purchase the FEMA homes as permanent housing because they could not obtain land for the mobile homes. However, as of early July 1990, in South Carolina, occupants of over 200 of the 230 mobile homes were able to purchase the mobile homes they occupied.

Administrative problems also occurred in providing housing assistance to disaster victims in St. Croix. FEMA assisted victims by making available temporary, makeshift housing; renovating government-owned housing; and importing 400 mobile homes. Most victims who sought FEMA assistance were helped to repair or rebuild their homes. However, delays occurred in rebuilding homes because of contracting difficulties, problems proving land ownership, and shortages of land suitable for construction. Ten months after the hurricane, FEMA had not provided housing assistance to over 400 families.

One FEMA Approach to Assisting Homeowners Does Not Conform to Stafford Act

In Puerto Rico and in the Virgin Islands, FEMA's principal housing assistance differed from the assistance provided on the mainland. The assistance provided does not conform to the Stafford Act's requirements. In these jurisdictions, FEMA established "eligible-created resources," under which homeowners whose homes were totally destroyed were eligible for cash grants to build new homes, constructed in accordance with FEMA specifications to help ensure that the houses will be hurricane-resistant. The houses are owned by the disaster victims.

FEMA used cash grants for housing assistance in the Caribbean because of the relative remoteness of these locations. In Puerto Rico and in the Virgin Islands, providing mobile homes is often not as practicable a form of housing assistance as it is on the mainland. For such comparatively remote locations, transportation of mobile homes from the mainland is expensive (about $8,000 per mobile home) and takes a considerable amount of time, according to FEMA. Also, once the homes arrive, the government must spend additional time and money to prepare the mobile homes to be hurricane-resistant.

Section 408 of the Stafford Act authorizes "temporary housing units" to disaster victims who "require temporary housing." The statute also authorizes the federal government, following the temporary assistance period, to sell the houses to the disaster victims who occupy them "at prices that are fair and equitable, as determined by [FEMA]."

However, under FEMA's eligible-created resources approach, housing is made available to disaster victims on a permanent, not a temporary, basis. FEMA never establishes an ownership interest in the houses; the houses are owned by the disaster victims. As owners, they are entitled to reside in them permanently. Thus, the eligible-created resources approach does not conform to the requirements of section 408. FEMA, however, disagreed with this conclusion and took the position that the Stafford Act provides the flexibility to use eligible-created resources for housing.

Chapter 5

Lessons Learned and Actions Planned

As a result of the severe damage from Hurricane Hugo and the Loma Prieta earthquake, officials from all levels of government—federal, state, and local—and the voluntary relief agencies looked critically at their performance in response to these disasters. They have identified many areas that could be improved in the three phases of disaster management—preparedness, response, and recovery. Many of these agencies have already taken some actions to address the identified problems; other actions are planned.

FEMA

The lessons FEMA learned affect three areas of disaster management: preparedness, response, and recovery.

Mobile Disaster Field Offices

To more effectively address situations where it may have to assume an immediate response role—as it did in the Virgin Islands—FEMA is currently developing specifications for a mobile, self-sufficient disaster field office. FEMA believes that such an office would allow it to more effectively respond to catastrophic and near-catastrophic disasters when the immediate establishment of a more permanent disaster field office is not possible. This mobile office would have space and lodging accommodations for about 20 FEMA disaster assistance staff, and include critical items, such as food, water, generators, and communications equipment.

FEMA plans to request funding for a mobile, self-contained disaster field office in its fiscal year 1992 budget proposal. To enable such an office to perform immediate response operations in addition to normal recovery operations, FEMA is also considering modifying the organizational structure of the disaster field office components so that some response functions can be delegated to other agencies when appropriate.

Establishment of a Permanent Office in the Caribbean

FEMA is considering establishing a permanent field office in the San Juan, Puerto Rico, area with a small staff to provide more expeditious assistance in the Caribbean area and to help reduce administrative costs of long-term disaster recovery efforts.

Communications

FEMA has taken actions to help ensure that it, the states, and local governments have compatible, reliable, and mobile emergency communications capabilities. For example, FEMA is developing guidance on purchasing antennas and towers that can be quickly erected, and it is retrofitting existing antennas and towers. FEMA is also providing technical and financial assistance for the purchase of cellular telephones, hand-held radios, and satellite communications systems.

In an after-action report on the Hurricane Hugo disaster operations in Puerto Rico, FEMA regional staff recommended that hand-held radios be made available to disaster application center personnel prior to the center's opening. To help improve the cost-effectiveness of its communications equipment and eliminate the need for telephone installation, they recommended that cellular phones be purchased for each center.

Disaster Preparedness Activities

FEMA is improving its disaster training and planning at the federal, state, and local levels. It developed a 1-week course on warning and communications systems design and is currently developing an emergency equipment inspection and maintenance course for state and local emergency managers. Further, FEMA is preparing training and equipment standards for urban search and rescue teams, and is developing a training program for elected officials that describes their roles and responsibilities when a disaster strikes.

FEMA is revising its federal response plan for catastrophic earthquakes to respond to all types of large-scale natural disasters. The plan envisioned by FEMA would provide federal agencies with preassigned missions; for example, the General Services Administration would provide logistical/resource support, and DOD would provide urban search and rescue operations in any catastrophic or near-catastrophic disaster.

Disaster Response and Recovery Activities

FEMA is examining ways to expedite responses to states' requests for common emergency support items such as generators, water tanks, and portable radio systems. FEMA's Puerto Rico after-action report recommended that FEMA develop lists of emergency support items, evaluate the ability of various federal agencies to provide these items, and create a standard operating procedure for obtaining the items during a disaster. A FEMA official said that the revised response plan calls for federal agencies to develop lists of emergency support items. Also, to reduce delays and costs of acquiring aircraft, the report recommended that FEMA develop a memorandum of understanding with the Forest Service regarding the availability of aircraft during a disaster and also explore with the Air National Guard the use of helicopters for disaster application centers operations.

FEMA identified a need to improve representation of the various federal, local, and voluntary relief agencies at the centers. FEMA recommended that (1) the Red Cross develop an alternate center support system, (2) the Farmers' Home Administration consider training local hires to represent the agency at centers, and (3) FEMA develop consistent plans for using the mental health crisis counseling services of local agencies at centers.

FEMA also recognizes a need to stock Spanish- as well as English-language disaster assistance registration forms to help avoid delays in the delivery of these forms to the disaster application centers.

Changes to the Individual Assistance Programs

FEMA is considering improving the efficiency of its individual assistance programs by separating the IFG program's application process from the SBA's disaster loan program. According to FEMA, this measure may require legislative changes, and may help expedite financial assistance to disaster victims.

To streamline the verification process, FEMA is considering contract, policy, and regulatory changes that would reduce or eliminate certain requirements, reviews, and paperwork that are not considered cost-effective. For example, FEMA plans to reduce the number of quality control reviews for IFG field inspections, and it is creating a simplified, one-page form for inspecting damaged properties.

Also, FEMA regional staff, in their after-action report for Puerto Rico, recommended that IFG grant recipients not be required to purchase flood insurance to help reduce the delays and costs of application processing. The report also recommended that the teleregistration process begin immediately after a presidential disaster declaration. To help identify duplicate applications for disaster assistance and reduce printing costs, the report recommended that applicants' Social Security numbers be used as a control number on applications. To avoid duplicating disaster assistance benefits, the report recommended that FEMA issue new instructions for coordinating the IFG and SBA programs. The report also recommended that FEMA's computer system for individual assistance programs be modified to allow the Red Cross to obtain access to and enter specific information to expedite data-sharing and reduce duplication of assistance provided.

Public Information

To help clarify the types of disaster assistance available and the roles of the different assistance agencies, FEMA is developing a disaster information strategy. One purpose of this strategy is to improve the communications between FEMA and its constituents—disaster victims, the media, state and local agencies, and congressional delegations.

To improve the process of providing information to the media, FEMA's Puerto Rico after-action report recommended that the agency (1) deploy the lead public information officer to a disaster area along with the federal official in charge of the disaster field office prior to a disaster declaration when a disaster is inevitable; (2) assemble an information kit containing items such as updated media lists, English and Spanish dictionaries, and media release letterheads and store it in preparation for future disasters; and (3) designate one of the first telephone lines installed at a disaster field office for the public information staff.

American Red Cross

The American Red Cross evaluated its performance and plans to develop, and in some cases has implemented, appropriate action plans for improving its disaster relief operations. In general, the Red Cross said it needs to improve its ability to respond to catastrophic disasters and coordinate better with FEMA. The Red Cross acknowledged that it needs to better educate its chapters and the public on its services and procedures. For more efficient monitoring of donations, the Red Cross recommended (1) requesting manufacturers to donate, before a disaster, preidentified necessary items for disaster victims and (2) developing procedures for handling unnecessary donations made during a disaster.

California

California's interagency hazard mitigation team's report made about 60 recommendations in areas such as hazard identification and monitoring, and repair and construction. About 30 recommendations addressed response planning. One of these said that FEMA and the California Office of Emergency Services, along with other federal, state, and local agencies, should develop new plans or revise existing plans for (1) state and federal responses to major disasters; (2) state resource assistance; (3) a state medical plan and mutual aid agreements; (4) state and local water distribution systems; and (5) federal, state, and local communications equipment.

The team also addressed the need to preidentify and position federal, state, and local resources to immediately mobilize for a disaster area. Current federal law, however, precludes major federal suppliers, such as

DOD, from taking such actions, according to the report. Additionally, the team recommended that critical facilities, such as hospitals, have provisions for on-site, back-up generators and/or emergency fuel supplies and that state mass care and shelter providers receive training in procedures and resource coordination.

North Carolina

Division of Emergency Management officials plan to have all inland counties develop a specific section covering hurricanes in their emergency operating plans. Before the hurricane, only coastal counties were required to include these hurricane-specific sections, but the unexpected path of Hurricane Hugo made emergency management officials aware of the need for inland counties to develop them as well.

In addition, the North Carolina National Guard identified a need for training exercises throughout its chain of command, and recommended that the state legislature amend current statutes to allow the Guard to participate in emergency management training exercises.

Puerto Rico

Puerto Rico is revising its emergency operating plan to, among other things, reorganize and clarify the roles and responsibilities of the primary providers of food and shelter. In addition, the interagency hazard mitigation team made 22 recommendations on preparedness, warning, and response. Recommendations addressed revising or developing plans for immediate response activities. For example, the team recommended that Puerto Rico revise existing evacuation plans and develop a comprehensive shelter plan. For situations where state and local governments cannot respond to a catastrophic disaster, it recommended that FEMA and other supporting federal agencies develop a federal immediate response plan. To support this plan, the team recommended that Puerto Rico develop a priority list of critical services that may require federal support in future disasters.

South Carolina

The Governor's Emergency Management Review Panel, comprising representatives from FEMA; the Red Cross; the National Guard; and other state, local, and public offices, made 25 recommendations, including the creation of a federal rapid response team that would provide immediate aid to victims of disasters before the arrival of other federal entities and national voluntary relief agencies. It also recommended improvements to statewide radio communications and mandatory training for local emergency preparedness officials and staff, as well as elected county and municipal officials. The panel recommended adding recovery issues to the state emergency preparedness plan and creating a post-evacuation plan for returning evacuees to their residences. Other recommendations addressed areas such as public information, back-up generators, interagency cooperation between nonprofit agencies, hazard mitigation, and emergency broadcasting.

In addition, the interagency hazard mitigation team made recommendations in emergency management, communications and warning, infrastructure, utilities, transportation, and other areas. It recommended that state and local governments, along with FEMA, (1) ensure that state and local emergency operating centers have adequate facilities; (2) develop a comprehensive plan for emergency communications between state and local emergency operating centers; and (3) implement provisions for back-up emergency power for critical facilities, such as hospitals, nursing homes, commercial radio stations, and water and sewer facilities.

The State Emergency Preparedness Division recognized that its difficulty in managing a major disaster such as Hurricane Hugo resulted from inadequate equipment, facilities, and staff at its emergency operations center. Further, it recognized that it needed to reorganize along functional lines for maximum efficiency. To address these problems, the Division recommended acquiring additional equipment and facilities; conducting additional training; revising plans; requiring a Division representative in the Governor's emergency operations center at all times during and immediately after disasters; and evaluating the Emergency Preparedness Division's structure.

The state National Guard made 11 recommendations, including cross-training of its staff on equipment operation and maintenance skills, decentralizing its command and control, and establishing a military/civilian liaison for each county immediately after a disaster. In addition, the Guard recommended improvements in National Guard communications capabilities, including having an effective chain of command for providing information, sources of back-up power, and coordination between the National Guard and public radio and television stations.

Virgin Islands

In its report on the Virgin Islands, the interagency hazard mitigation team made recommendations addressing preparedness issues such as planning and training. For example, it recommended that FEMA evaluate the catastrophic earthquake plan (which FEMA has replaced with the draft November 1990 Federal Natural Disaster Response Plan to include disasters other than earthquakes) for situations where state and local governments are unable to assume the immediate response role in a large-scale disaster. The team also recommended that the territory revise its emergency operating plan to include identification of critical facilities. For training, the team recommended that the territory improve the quality of emergency management agency staff through training and that it educate elected officials on disasters. Additional recommendations suggested developing multihazard public information and preparedness programs; improving territorial communications, such as alternative sources of back-up power; and establishing an emergency power-generating system.

Currently, both the Virgin Islands National Guard and the territory's Emergency Management Agency are under the authority of the Adjutant General. The legislature, however, is considering placing the Emergency Management Agency under separate management to help improve its performance.

The Virgin Islands Territorial Emergency Management Agency is revising its emergency operating plan to improve coordination between local government agencies. In addition, these local agencies are adding a section to the plan to provide information on the specific roles and responsibilities of key individuals.

Actions already taken and planned will improve the ability of FEMA as well as the state and local communities to manage the next disaster. However, in chapter 6 we are making a number of recommendations to FEMA which we believe will further strengthen both its ability to respond in the event of a disaster and its ability to assist state and local governments to prepare for a disaster. Further, we raise a number of issues for the Congress to consider concerning FEMA's legislative authority.

Chapter 6

Conclusions and Recommendations

Conclusions

Hurricane Hugo and the Loma Prieta earthquake were devastating, and the media's coverage of these events suggested that FEMA was not responding as expected. A closer look, however, shows that FEMA generally fulfilled its statutory obligations to supplement state and local efforts. Nonetheless, these nearly simultaneous disasters highlighted areas in three phases of disaster management—preparedness, immediate response, and recovery—that need attention by federal, state, and local agencies.

State and local governments have primary responsibility for disaster preparedness. FEMA only has the authority to guide, but not direct, state and local governments in their preparedness plans and activities. When states and/or local governments do not comply with agreed-upon objectives, correct problems uncovered in exercises, or participate in training, FEMA has no practical means of requiring that they do so to be better prepared to deal with disasters. However, the recent experiences with Hurricane Hugo and the Loma Prieta earthquake should be persuasive. When states and local governments had fully engaged in planning and exercises, and made appropriate corrections, they were better able to respond to the demands of these natural disasters. However, all levels of government faced problems in dealing with long-term recovery, on which FEMA has placed little emphasis.

In the immediate response to Hurricane Hugo and the Loma Prieta earthquake, the needs of disaster victims were generally met, but not necessarily as efficiently as possible. These inefficiencies, particularly coordination difficulties between agencies, requests for assistance that went outside of normal channels, and inadequate staffing, gave rise to a general impression that FEMA and other agencies were not meeting their obligations. In addition, some disaster victims and some government officials did not understand FEMA's responsibility to supplement the efforts of state and local governments.

FEMA has limited ability to ensure that all states have the capability to fulfill their first response roles effectively and efficiently. Different capabilities at state and local response levels became evident immediately after the disasters. Also, because FEMA was not prepared to take over the state's role as immediate responder, assistance was delayed. FEMA is now considering actions that could be taken to provide first response assistance when necessary.

In recovering from the September and October 1989 disasters, FEMA and other agencies did not manage their assistance programs as efficiently as possible. For example, computer systems between FEMA and the other agencies administering individual assistance programs were incompatible. As a result, duplicate registrations occurred and were not always reconciled before duplicate payments were made. In addition, FEMA and other agencies with similar responsibilities for restoring public facilities did not coordinate their activities. For example, FEMA and Education provide assistance to repair schools. However, because of coordination problems, some school districts were subject to duplicate inspections; assistance was delayed for several months. Similarly, FEMA and SCS did not coordinate debris removal efforts in South Carolina, which created potential health and safety hazards for months after the disaster.

In the recovery phase, we found that current federal disaster assistance programs do not provide adequate assistance to state and local governments to reconstruct damaged rental units. The shortfall in housing assistance was evident in several areas. First, landlords desiring to repair damaged units found that federal disaster loans were not economically feasible for low-income housing. Repayment costs would require owners to charge rents beyond the means of low-income tenants. Second, HUD received no disaster assistance funds, and transfers of other HUD funds to aid disaster victims were delayed. Third, California's deferred loan programs offered some limited assistance to restoring rental units and homes, but assistance was delayed because federal assistance was to be used first. And finally, FEMA said its authority only permitted it to provide temporary emergency shelter. In California, FEMA did not establish a temporary housing assistance program that recognized the need for a longer term housing recovery plan. FEMA's housing assistance requirements and procedures made it virtually impossible for some disaster victims to get temporary housing assistance. Also, one approach FEMA instituted to deal with the needs of housing disaster victims in areas not part of the mainland United States did not conform to the explicit requirements of the Stafford Act.

Recommendations

To help ensure that local, state, and federal agencies are better prepared to respond to disasters, we recommend that the Director of FEMA

- request state and local emergency management agencies to incorporate recovery activities into their emergency plans and help provide appropriate training to state and local disaster management personnel;
- request that states establish monitoring systems to help ensure that local jurisdictions correct problems and weaknesses identified during emergency training exercises and drills;

- periodically provide natural disaster training to FEMA headquarters and regional office staff who are not assigned to the disaster assistance program but who may be needed during large-scale natural disasters;
- clarify, where appropriate, the roles and responsibilities of involved federal agencies by developing memoranda of understanding, or other suitable methods, to improve coordination with such agencies;
- improve FEMA's computer system to help ensure that duplicate applications for assistance are immediately identified and that automated registration information is available to other agencies for their use in administering disaster assistance programs;
- cooperate with the Department of Education in the repair or restoration of public schools so that duplicate damage inspections do not occur and schools receive necessary financial assistance more promptly; and
- coordinate with the Secretary of HUD and other appropriate federal, state, local, and voluntary relief agencies to develop a suitable housing recovery plan for low-income victims.

Recommendation to the Congress

FEMA had problems in providing housing for low-income disaster victims in California and the Caribbean in part because it was unsure of its role in responding to disaster-related, long-term housing needs. Therefore, the Congress should either (1) clarify whether section 402 of the Stafford Act authorizes FEMA to direct HUD to assist state and local governments in rehabilitating or reconstructing housing for disaster victims or (2) amend sections of the United States Housing Act of 1937 and the Housing and Community Development Act of 1974 to provide for appropriations directly to HUD to fund housing assistance for disaster victims.

Matters for Congressional Consideration

The Congress should consider providing FEMA with the authority to act as a first response agency in situations where such assistance is warranted.

The Congress should also consider amending section 408 to authorize FEMA to institute approaches such as eligible-created resources that provide permanent, rather than temporary, housing to disaster victims. Such authority should be available only when special circumstances make it impracticable to provide temporary housing units.

Views of Federal and State Agencies

As requested, we did not request written comments on a draft of this report. However, we discussed the report's factual information with the officials of federal and state agencies. They generally agreed with the portrayal of the information presented in this report.

Specifically, aside from general discussion, California did not provide any comments, while North Carolina and Puerto Rico offered only minimal comments, which we have incorporated in this report. South Carolina officials agreed with the facts presented; however, they said that the role of the dual command centers to address the needs of victims should be clarified to recognize that this situation only created difficulties initially and it was corrected quickly. We have revised the report to recognize South Carolina's views. (See pp. 43 to 44.) The Virgin Islands took issue with the portrayal of its role as first responder. In light of its concern, we recognized its views. (See pp. 33 to 34 and 45 to 46.) FEMA generally agreed with the information presented. However, FEMA disagreed with our legal conclusion that the eligible-created resources approach to meeting housing needs does not conform to the requirements of the Stafford Act because FEMA-funded housing is made available on a permanent instead of temporary basis. FEMA has taken the position that the Stafford Act provides the flexibility necessary to allow the use of eligible-created resources for housing needs. We suggest that the Congress consider changing the law to specifically allow such flexibility in the future. (See p. 68.)

Agencies That May Respond to Major Disasters

American Red Cross
Environmental Protection Agency
Federal Communications Commission
Federal Emergency Management Agency
General Services Administration
Interstate Commerce Commission
National Aeronautics and Space Administration
National Communications System
Nuclear Regulatory Commission
Office of Foreign Disaster Assistance
Office of Personnel Management
U.S. Army Corps of Engineers
U.S. Department of Agriculture
U.S. Department of Commerce
U.S. Department of Defense
U.S. Department of Education
U.S. Department of Energy
U.S. Department of Health and Human Services
U.S. Department of Housing and Urban Development
U.S. Department of the Interior
U.S. Department of Justice
U.S. Department of Labor
U.S. Department of State
U.S. Department of Transportation
U.S. Department of the Treasury
U.S. Department of Veterans Affairs
U.S. Postal Service

Source: FEMA.

Appendix II

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TESTIMONY OF

THE HONORABLE WALLACE E. STICKNEY

DIRECTOR

FEDERAL EMERGENCY MANAGEMENT AGENCY

BEFORE THE

HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

MAY 15, 1991

Mr. Chairman and Members of the Committee, I appreciate the opportunity to discuss with you today the disaster relief program of the Federal Emergency Management Agency and the actions we shall recommend for that program. With your help, I believe we can find solutions which will better serve disaster victims and the Federal taxpayer.

In September and October of 1989, FEMA was confronted with two of the largest disasters to strike the United States in recent history. It was a monumental task. The urgency of the situation required quick decisions and prompt action. Critics may argue among themselves, but I believe the facts show that good hearted and dedicated people did well under very trying circumstances. The fact that so few lives were lost and that assistance to disaster victims was delivered in a timely manner showed that the system worked.

However, with the benefit of hindsight, it is natural to speculate about how things could have been done differently or been done better. It's generally true that there's always room for improvement. In the emergency management community, we encourage practice drills, or exercises, to test our abilities to deal with disasters. We try to learn from our experiences and make changes so that we don't repeat our mistakes. We're in the middle of that sort of process now.

After Hurricane Hugo, FEMA did a very thorough analysis and critique of everything the agency did well and identified those areas that can be enhanced and improved upon.
I am making available to this committee a cross walk that compares FEMA's internal critique with the GAO and IG's report. It is an accurate and honest assessment of what

happened, pinpointing where changes need to be made. I believe that once you review this report, you will agree that many of these changes are responsible and necessary. To the extent that we could make these recommended changes administratively and within current budget limitations, you will find that many have either been already implemented or are being actively pursued.

We have taken our assessment one step further. As you know, FEMA's activities (as well as the activities of others) have been reviewed both by the GAO and by the FEMA Inspector General's office. Both organizations identified problems. Both of them suggested solutions. We have taken the reports prepared by the IG and the GAO and compared them section by section with our own report. We have completed a crosswalk between the reports from FEMA, the IG and GAO. You will find that we have been as harsh or harsher on ourselves than either of these two reputable oversight offices. This is an indication of the seriousness we give to the self evaluation process.

Based on our internal review, we are hopeful that we will shortly be able to present our legislative proposals which address the shortcomings we identified during Hurricane Hugo and Loma Prieta. Our proposals will reflect the old adage that an ounce of prevention is worth a pound of cure.

We believe that eligibility for disaster assistance must be more clearly defined. In addition, we would like to streamline the delivery of assistance to individuals. Cost-sharing arrangements with the states may need to be adjusted, and unnecessary and duplicative programs should be eliminated. We are reviewing the issue of legal authority for created housing which was raised in the General Accounting Office report.

We also face challenges in disaster aid fund budgeting. Budgeting for a disaster assistance program is not an exact science. No one can predict either the frequency of disasters in a given year or their magnitude or severity. In an average year the President declares approximately 23 major disasters and FEMA takes 50,000 applications for individual assistance and prepares 10,000 damage survey reports on affected public facilities. During the past twenty-four months, there have been 75 Presidentially declared disasters. As a result of the twin disasters of Hurricane Hugo and the Loma Prieta earthquake alone, FEMA operated 100 Disaster Application Centers, took over 390,000 applications for individual assistance, issued over 375,000 checks totaling hundreds of millions of dollars, prepared over 35,000 damage survey reports, and provided well over a billion dollars in assistance to State and local governments.

Even without Hurricane Hugo, there was still a greater than average level of disaster activity. In 1990, there were 35 Presidentially declared disasters, well over the historical average of 23. In the first seven months of this Fiscal Year, there have already been 26 disasters, and the hurricane season has not yet begun.

Added to the unpredictability of disasters are the difficulties in making accurate assessments of the costs of the recovery process. I believe that FEMA has a good track record at estimating the damages suffered by individual citizens; however, assessing the damages to public buildings and facilities is far more complicated. I would like to outline briefly some of these difficulties for you.

First, in order to respond rapidly to the request of Governors and where it is obvious that a disaster has taken place, we often recommend to the President that a disaster be declared before flood waters have receded or a hurricane has left the scene. Obviously, our initial financial estimates in these cases do not total up to the same figures as the final cost at the time of the disaster close out.

Second, surface observation is often an inadequate method for determining structural damages. We found, for example, where there were no external clues, that it was necessary to remove insulation and fireproofed coatings from the interior of the Oakland City Hall before finding two inch cracks in structural steel elements.

Third, local building codes, especially in California, may require seismic upgrades to be retrofitted onto a building or other facility if certain damage thresholds have been reached. Making this threshold decision often involves highly sophisticated detection and computer modeling to determine.

Fourth, there are different ways to seismically retrofit a damaged building, each with its own relative effectiveness and cost. Please bear in mind that when local seismic codes are triggered, the cost of a project can increase from 10 to 50 times the cost of repairing to pre-disaster conditions.

Fifth, the projects are accorded no special privileges over any other public construction projects. As such, they must comply with all of the associated Federal requirements such as those imposed by the environmental, Americans with Disabilities, historic and technological preservation and similar legislation.

Finally, we have encountered situations such as San Francisco where FEMA has been told that building projects may have to meet retroactively new local building codes that are expected to be enacted in the near future. These new code requirements can be costly. Their interpretation by San Francisco's Building Department can potentially increase our future obligations by hundreds of millions of dollars. Such uncertainties do not simplify the planning and budgeting process.

Furthermore, we recognize that some of FEMA's internal procedures and policies have worked well for the normal range of disasters facing this country, but they, along with severely limited resources geared to cope with the average disaster, simply were not adequate to deal with the extraordinary events of Hurricane Hugo and Loma Prieta. We are working on solutions to this challenge now. A joint FEMA and OMB Task Force has been formed to review program, budget, and financial management and, if weaknesses are identified, to recommend corrections.

I know that this committee has considerable interest in taking a look at the status of the Disaster Relief Fund, and I look forward to a positive interchange with you on this important subject. As we discuss these issues today and in the follow-up meetings we will be having in the future, I believe we can work together to find a constructive solution to many of the challenges that are before us.

Before concluding my testimony, I think there are a few facts which should be a part of the official record. First, it is important to recognize that for five out of the past six years, the amount of funds appropriated by Congress for the Disaster Relief Fund was less than the amount which FEMA requested. The chart on my right will clearly show that over the past three years, our appropriation request was reduced by approximately $540 million. The chart on my left shows the estimated cost of recent disasters compared with the appropriation that was received for that year.

I would also point out that Associate Director Grant Peterson told the House Appropriations Committee last year that FEMA would need an additional 70 full-time equivalent employees to handle the increased workload caused by Hurricane Hugo and Loma Prieta. He asked for 70 new FTE's and received zero. Despite the massive upsurge in disaster activity, FEMA has had a constant level of personnel devoted to this program since 1986. This has resulted in long hours and exhaustion for our employees and has prevented us from performing all the functions we deem necessary to carry out the Stafford Act. This year, we are requesting funding for an additional 30 FTE to help remedy this situation.

In short, the Federal Emergency Management Agency has been through a tumultuous two years. The men and women of the agency have responded to two of the most serious disasters in recent memory. We have taken a hard look at ourselves and made serious proposals for change. However, we find ourselves working with a funding system that may have functioned well under normal circumstances and under the old framework for resolving budget issues, but that system must now adjust to the extraordinary circumstances of the past two-and-a-half years, as well as to the new realities of the Budget Enforcement Act of 1990. We are making the same concerted effort to address this problem as we did with our post-Hugo and Loma Prieta self assessment.

Mr. Chairman, we feel an obligation to identify those areas that need improvement and to recommend solutions. We do, like anyone else, resent criticism that we consider unfair. We prefer to take a positive approach and see the problems we identify as opportunities to improve, not as imperfections to hide. By releasing our internal self-critique and our suggestions for legislative changes, we are showing consistency between word and deed. We are committed to a positive, forward-looking agenda. I look forward to working with this Committee over the next few months and taking the positive steps essential to addressing these critical and important needs.

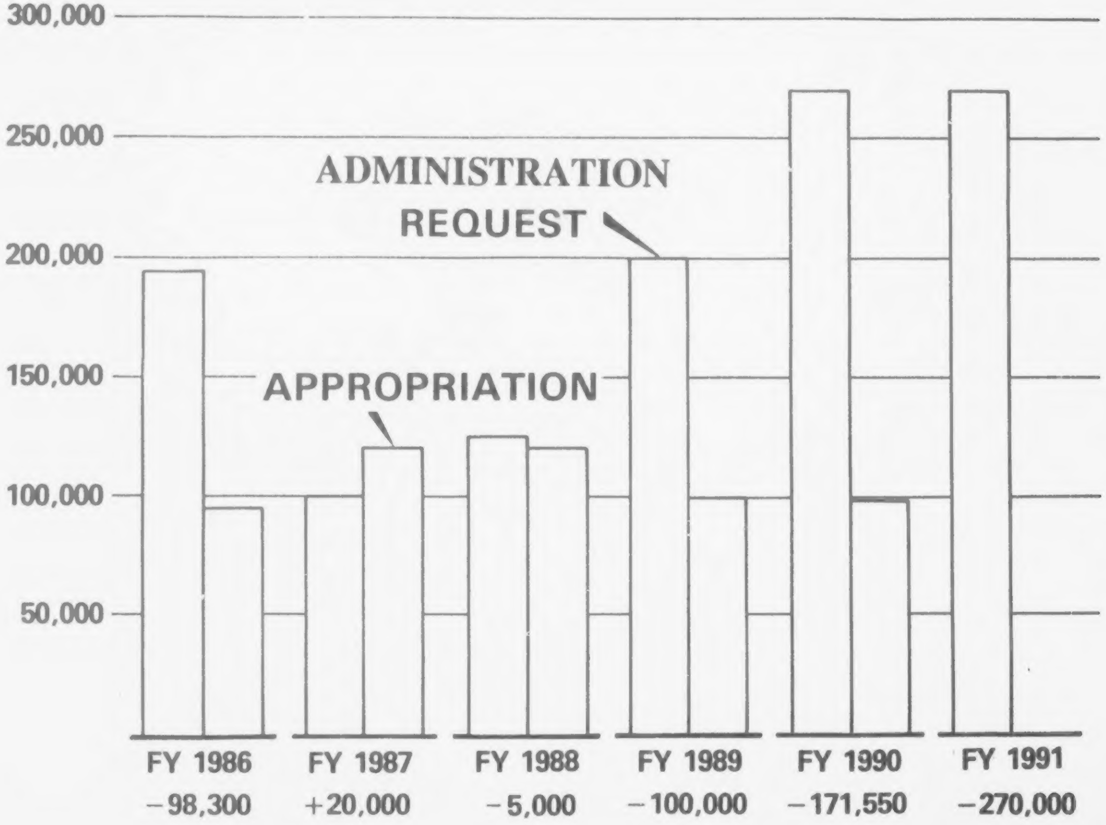
Thank you for inviting me to this hearing. I would be happy to answer any questions you might have.

DISASTER RELIEF FUND

($000)

FY	ADMINISTRATION REQUEST	APPROPRIATION	SUPPLEMENTAL	TOTAL APPROPRIATION
1986	194,000	95,700	250,000	345,700
1987	100,000	120,000	0	120,000
1988	125,000	120,000	0	120,000
1989	200,000	100,000	1,108,000	1,208,000
1990	270,000	98,450	1,152,500	1,250,950
1991	270,000	0	0	0

ANNUAL APPROPRIATIONS



DISASTER ACTIVITY

AVERAGE YEAR	23
1990	35
1991	24*

*FIRST SEVEN MONTHS

SUPPLEMENTAL APPROPRIATIONS

YEAR	INCIDENT
1980	MT. ST. HELENS
1986	WEST VIRGINIA/VIRGINIA/ PENNSYLVANIA FLOODING
1989	HURRICANE HUGO
1990	LOMA PRIETA EARTHQUAKE

CROSSWALK

RESPONSE TO HURRICANE HUGO AND THE LOMA PRIETA EARTHQUAKE

Comparing

FEMA'S REPORT: *Response to Hurricane Hugo and the Loma Prieta Earthquake Evaluation and Lessons Learned*

GENERAL ACCOUNTING OFFICE REPORT TO CONGRESSIONAL REQUESTERS: *Disaster Assistance Federal, State, and Local Responses to Natural Disasters Need Improvement*

THE OFFICE OF INSPECTOR GENERAL AUDIT REPORT: *Review of Select FEMA Activities Relating to Hurricane Hugo - - Puerto Rico and the U.S. Virgin Islands*

May 1991

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	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
3	**Federal emergency response** The Federal government needs to be better prepared to assume immediate emergency response functions.	Responding Federal agencies did not always understand how to manage their overlapping responsibilities. (p. 42) The needs of victims were generally met, but not as efficiently as possible. (pp. 31, 34)		FEMA: There is a need for an organizational framework that is understood by all responding agencies for response to a broader range of disasters. The recently amended Federal Response Plan will meet this need. FEMA: More planning should be conducted intra- and inter-agency. GAO: Better interagency coordination should be fostered. (p. 68)
4	**Logistical support for response operations** FEMA must be on scene and functioning at the earliest time possible and must have a self-contained survival unit to do so.			FEMA: Transportable office space and living accommodations are needed to fully support a core Disaster Field Office Staff. Personnel resources of the Office of Civil Defense could be used to support the staff if transportable DFO equipment were available. Alternatives should be explored.
5	**Headquarters organization and support for disaster response** There were inadequacies in the structure and composition of the FEMA Headquarters Emergency Support Team and physical facilities of the Emergency Information and Coordination Center.	FEMA had inadequate numbers of people trained in disaster programs and response. (pp. 37, 39)		FEMA: The Emergency Support Team needs to be staffed for different types of emergencies and designed on a standard command and control model. An adequate emergency operations center is needed. GAO: Disaster cross-training should be provided to headquarters and regional office staff who are not assigned to disaster assistance programs but who may be needed during large-scale disasters. (p. 68)

PREPAREDNESS

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
1	**State and local capabilities:** Federal funds for emergency management may not be focussed appropriately and adequate for preparing State and local emergency managers to respond to all hazards.	The preparation and capabilities of the States and local governments varied. FEMA has placed little emphasis on certain planning, and has no practical means to require State and local governments to be better prepared to deal with disasters. (pp. 20, 26)		FEMA: Steps must be taken to broaden the scope and utility of existing emergency management planning, training, and preparedness programs for State and local governments. GAO: FEMA should request States to plan for recovery activities and establish systems for ensuring local governments take remedial actions. (p. 67) GAO agreed with FEMA on the need for more training at State and local levels. (p. 67)
2	**Federal response in catastrophic situations** Current legislation does not provide clear authority for FEMA to take immediate action in response when a State is clearly overwhelmed and has not yet made a request for Federal assistance.	FEMA found itself required to perform as a first responder outside its normal supplementary responsibilities. (p. 33)		FEMA: Legislation is needed to permit FEMA to respond immediately where such assistance is warranted. GAO: Congress should consider providing FEMA with the authority to act. (p. 68) FEMA: The cost-share requirements need to be waived for immediate lifesaving missions.

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
6	**Damage information needs** There were inadequacies in the Federal government's capabilities of obtaining damage information.			FEMA: There is a need to continue the development of a capability to collect, analyze, disseminate damage information for both response and recovery. The system should be coordinated with the supporting agencies.
7	**Donations** There was no central Federal policy or procedure for recording offers of assistance and for accepting/transporting/ distributing needed donations.			FEMA: An interagency donations task force has been formed to formalize the policy for encouraging cash donations, to devise a data base to correlate offered and needed donations.
8	**Urban search and rescue** There was a potential need for immediate, large-scale Federal assistance in urban search and rescue.			FEMA: A Federal urban search and rescue capability needs to be developed and maintained.

PUBLIC AFFAIRS AND CONGRESSIONAL RELATIONS

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
9	**Public affairs** The ability of FEMA's Office of Public Affairs to counteract criticism and misperceptions by the press was hindered by insufficient numbers of staff, lack of policy, procedures, materials before the event.			FEMA: There is a need to minimize opportunity for misconceptions and adverse media coverage by developing a more proactive approach to disseminating public information from the time the disaster strikes. Additional trained staff and the development of public information materials are essential.
10	**Congressional relations** FEMA had difficulties in obtaining and disseminating information to members of Congress, lacked sufficient congressional affairs staff and a clear and effective policy.			FEMA: There is a need to develop an interagency congressional affairs effort with other Federal agencies and an aggressive approach. FEMA must have clear and effective policy, adequate, well-trained staff and materials and procedures in place.

RECOVERY AND MITIGATION PROGRAMS

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
11	**Adequacy and complexity of individual assistance programs** Several programs address the same types of needs, thus increasing the danger of duplication of services. They are staff intensive, have inefficient processing routines, and cause confusion. An enhanced automatic data processing system is needed. There is a public perception that disaster-related programs should cure ills in existence before the disaster.	Federal disaster loans were not economically feasible for lower income individuals. (p. 55) Language and literacy problems hampered FEMA's efforts, as did administrative problems. (p. 55)	There was inadequate verification and documentation of disaster-related loss. (p. 11)	FEMA: Processing needs to be streamlined, automated, and timeliness improved. FEMA: FEMA's and SBA's programs should be analyzed to determine if legislative changes are needed to serve victims more efficiently and to assure low-income victims are well served. IG: Loss of household furnishings should be verified and documented rather than using a generalized coding process. (p. 15)
12	**FEMA mobile home policy** The mobile home policy is little understood and there is public pressure to use mobile homes earlier than the policy intends. Acceptance by communities, cost effectiveness, timeliness, and political pressure for visible Federal presence pose difficulties for implementation of the policy.	FEMA did not recognize the shortage of alternative low cost housing when making decisions about the type of emergency assistance needed. (p. 56)		FEMA: This policy needs to be revised to assist victims in a more timely, cost-effective manner. There is also a need to identify victims with the greatest needs, not just those who have applied for assistance first. GAO: Coordination is needed with HUD and other Federal agencies to develop a suitable housing recovery plan for low-income victims. (p. 68)

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
13	**Temporary housing program** This program is administered over a wide range of cultures, economic conditions, and geography, often resulting in apparent inconsistencies. There was pressure to cure pre-disaster needs for low-income housing.	There is inadequate assistance to State and local entities to reconstruct damaged rental units. (pp. 54, 67) The use of eligible-created resources for providing housing does not conform to the Stafford Act. (p. 57) Contracting difficulties, land-ownership problems, and shortages of suitable land delayed assistance. (p. 57) In California FEMA did not establish a temporary housing assistance program that recognized the need for a longer term program for damaged rental units that have not been restored. (pp. 54, 67) FEMA's requirements and procedures made it virtually impossible for some victims to get assistance. (pp. 55, 67)		FEMA: An analysis of the housing needs of victims may reveal that regulatory or legislative changes are needed to meet the needs of disaster victims uniformly. FEMA: Better repair/construction practices should be promoted for longer-term benefits. GAO: Congress should consider amending the Stafford Act to authorize FEMA to provide permanent housing to disaster victims in special circumstances. (p. 68) GAO: Congress should clarify the Stafford Act regarding disaster-related, long-term housing needs. (p. 68) GAO: FEMA should coordinate with HUD and other agencies to develop a suitable housing recovery plan for low-income victims. (p. 68)
14	**Flood insurance requirements for individuals** Enforcement of the requirement for IFG recipients to purchase flood insurance for 3 years is staff intensive, results in assistance delays, often hurts those who can least afford the insurance and the disaster, and may not be cost effective.			FEMA: Costs and benefits of flood insurance for IFG recipients should be studied. The possibility of group insurance for IFG recipients should be examined.

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
15	**Definition of private non-profit facilities** The Stafford Act added a new category of private non-profit entities eligible for disaster assistance, but the definition of eligible entities is vague, has invited significantly larger numbers of applicants and leads to inconsistency.			FEMA: Additional guidance from the Congressional Committee with Stafford Act oversight is needed to clarify terms used.
16	**Federal post-disaster hazard mitigation** There is no single Federal authority that coordinates the post-disaster programs for the full range of natural disasters. Federal policies and programs may not maximize opportunities to make disaster-prone areas less vulnerable.			FEMA: The 1980 OMB directive for flood recovery needs to be updated and expanded to cover post-disaster mitigation policy for all natural hazards.

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
17	**Comprehensive automated systems support** FEMA's automated systems for disaster applications processing do not function effectively and efficiently when there are large numbers of applicants. Field response management and planning are not automated.	Computer systems between FEMA and other agencies administering individual assistance programs were incompatible, resulting in duplicate registrations and payments, delays in sharing information, and data inconsistencies. (p. 48)		FEMA: In-house resources must be used to modify existing systems, to better track duplicate applications, for example. FEMA: Contractual support is required for higher-level system analysis and design of an automated disaster assistance management system. The system must include automatic processing of forms and electronic connectivity between the DFO and the teleregistration center. GAO: The computer system must be improved to ensure duplicate applications are immediately identified and automated registration information is available to other agencies for their assistance programs. (p. 68)

STAFFING, PERSONNEL, AND FINANCIAL MANAGEMENT

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
18	**Permanent disaster office in the Caribbean** The lack of a permanent FEMA presence in the Pacific and Caribbean has hindered the government's ability to respond quickly to disasters. Long term administrative costs for recovery programs are also costly.	Staffing inadequacies for disaster activities were most visible in the Caribbean. (p. 38)		FEMA: A permanent, full-time office in Puerto Rico to support Caribbean disaster activities should be established. The establishment of a similar office for the Pacific should be evaluated.
19	**Support for disaster staff** Disaster staff have been asked to work under unhealthy, arduous, and dangerous conditions with few provisions made for their health, safety, compensation, and work conditions.			FEMA: Programs must be developed to prepare disaster personnel for their assignments. A minimum health protection must be provided. FEMA: See Issue 4 for recommendations of logistics support needed. FEMA: Policies for staff retention and relief from statutory pay ceilings must be developed.
20	**Disaster reservists: recruitment, training, and deployment** The decentralized disaster reservist system is unreliable, lacks current and reliable information, has weaknesses in certain skills, and is not well managed.	There were not enough qualified reservists to respond to several concurrent large-scale disasters. (p. 39) FEMA had difficulty recruiting bilingual staff. (p. 39)		FEMA: Policy, procedures, guidance, and support for the recruitment, training, and utilization of reservists, must be improved. An on-line computer capability must be included.

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
21	**Utilization of FEMA staff and external staff resources** FEMA lacked sufficient numbers of trained disaster staff and was unable to track and access available staff and external staff resources.	The American Red Cross, SBA, and State and local governments also experienced staffing shortages, contributing to the delays in completing essential services. (pp. 37, 40)		FEMA: Comprehensive planning must be developed and implemented to meet large-scale disaster staffing needs, including training and cross-training programs, identification of personnel skills and experience, and systems to better utilize external sources of staff. GAO substantially agreed with this recommendation.
22	**Office of personnel support** Pay and personnel policies and procedures for disaster staff caused confusion, delays in paying local hires, and inconsistent pay levels for reservists.			FEMA: There is a need to take a more ordered and consistent approach to pay and personnel policies and procedures, including training.

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
23	**Financial management** There are a number of financial management improvements that should be made in the delivery of FEMA's disaster assistance programs.		FEMA's determinations of eligibility for IFG were too superficial and could not provide reasonable assurance of eligibility. (p. 8) FEMA did not publish current, sufficient financial guidance for program managers and grantees. (p. 24) FEMA did not require appropriate accountability on the administration of IFG programs by the States. (p. 21) Failure to document room composition resulted in duplication of benefits and improper payments. (p. 17)	FEMA: Criteria should be developed for determining the most appropriate delivery mechanism for temporary housing payments (Treasury Department, check-writer, military disbursing units). FEMA: An assessment should be performed of expedited temporary housing check delivery tested in the Loma Prieta earthquake (delivery of checks by inspectors at the time of inspection). FEMA: Procedures should be developed to deal with special travel and per diem issues unique to catastrophic disasters. FEMA: There is a need to institutionalize financial management training of employees and deployment of Office of Comptroller staff on disasters. FEMA should quantify the need for additional Comptroller staff for close-outs, reconciliations, audits, technical assistance to the field. IG: FEMA should develop procedures to verify applicants' eligibility for IFG. (p. 10)

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
23	**Financial management** (continued)			IG: FEMA should develop and issue handbooks addressing program and financial requirements unique to FEMA's disaster programs. (p. 24) IG: Procedures should be developed to document the essentials of a room and the basis for the value of its contents. (pp. 15,17) IG: FEMA should modify the IFG[*] program policy to require grantees to account for administrative costs. (p. 23)

PROGRAMS OF OTHER FEDERAL AGENCIES

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
24	**Small Business Administration** The SBA's complicated loan application process does not meet the immediate needs of disaster victims and delays the delivery of Individual and Family Grants.			FEMA: FEMA and SBA should review their programs to improve coordination and be more responsive to the needs of victims.
25	**Department of Education** There are overlaps in programs to repair and replace educational facilities among FEMA and Education programs, resulting in duplicate inspections and delays in assistance.	FEMA and Education duplicated inspections and delayed the provision of assistance. (p. 49)		FEMA: There is a need for FEMA to assume responsibility for assistance for public primary and secondary schools, which currently resides with Education. GAO: FEMA should cooperate with Education so duplicate inspections do not occur and assistance is received more promptly. (p. 68)
26	**Department of Transportation** The FHWA Emergency Relief Program often is not provided unless the Secretary of Transportation concurs. This program reduces the assistance many States will receive in the following year, so the state is often reluctant to request this aid. FEMA is pressured into providing emergency work on Federal-aid highways, wasting time determining who will deliver assistance and not duplicating benefits.			FEMA: Disaster assistance related to Federal-aid roads should be provided under the FHWA Emergency Relief Program. This program should be automatically implemented with the Presidential disaster declaration.

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
27	**US Army Corps of Engineers** There is a potential for overlap and duplication between FEMA and the Corps programs following large disasters, including, in particular, the Corps "Gap" authority under P.L. 84-99.			FEMA: The Corps of Engineers should not initiate emergency protective work under its Gap authority once the President has declared a disaster, since such work could be mission assigned to the Corps under the FEMA cost-shared program. FEMA: The Corps and FEMA should clarify their existing Memorandum of Agreement to clarify how the potential for overlap and duplication can be avoided.
28	**Department of Defense and the National Guard** At the State and local level, there was some confusion over DoD assistance and expectations over the level of support by the National Guard, who were either victims or performing other emergency functions as part of their normal governmental or private sector jobs.			FEMA: Liaison with DoD should be maintained at headquarters and regional offices on a continuing basis. FEMA: There is a need for FEMA to provide guidance to the State to evaluate support that the National Guard can provide following a disaster. FEMA: DoD should send a prepared message to its installation commanders activating the domestic disaster response process upon the occurrence or notification of a disaster.

	ISSUES: FEMA	GAO	IG	RECOMMENDATIONS
29	**Duplication of Federal programs** DOJ grants for emergency Federal law enforcement assistance duplicated FEMA funding for the same work. Both FEMA and SCS have authority to assist in relieving imminent hazards to life and property created by sudden impairment of a water shed.	Potential health and safety hazards persisted for months when FEMA and SCS did not coordinate debris removal. (p. 52) Uncertainty of EPA's role and authorities to act delayed response to potential environmental hazards. (p. 43) HUD received no disaster assistance funds and transfers of other HUD funds to aid disaster victims were delayed. (p. 54)		FEMA: When permanent restorative work is involved, FEMA will defer to another agency with the same authorities. FEMA will not delay in performing emergency work to alleviate threats to life, health, and property. Coordination with the other Federal agencies is required to clearly delineate this policy. GAO: FEMA should develop memoranda of understanding to clarify roles and responsibilities of other Federal agencies to improve coordination.
30			**Public Assistance Program Administration** Public Assistance grants to Puerto Rico for reimbursement to police forces for performing emergency measures immediately following the hurricane did not sufficiently document what emergency activities were being performed. (p. 18)	IG: The scope of work for emergency measures, such as police emergency response costs, must be more clearly documented on Damage Survey Reports. (p. 21)

Mr. Chairman and Committee Members:

My name is Howard B. Stitt. I am the County Engineer for Harrison County which is the fifth smallest county in the state of Ohio and also has the dubious distinction of having one of the highest unemployment rates in the state.

A disaster with the magnitude of the June 14th flood hit us much harder than a more prosperous county. Our normal highway budget is approximately $1.6 million; of this $280,000 is for maintenance repairs and improvements.

I thought the FEMA response time was very quick. The FEMA teams were very prompt, well qualified, and efficient. They worked well with the counties, villages, and townships.

I was very disappointed in the following areas:

1. The streams in the county were filled with two and three feet of sediment covering as much as 2/3's of their length, making the streams very susceptible to future flooding. Initially FEMA representatives indicated to us that some stream dredging would be an approved item; yet when the DSR came back it had not been included. We did not pursue the matter actively at that time due to bridges, roadways, and culverts being out. These items took a much higher priority. Some months later when the problem with the streams became very much evident all attempts to obtain funding seemed to run into a dead end and yet Belmont County, as I understand, received over $2 million in stream restoration. Harrison County received less than $50,000.

2. The FEMA team reviewed all the roads that were damaged and responded as to whether they should be eligible for funding or not. One section of road in our county, which sustained the heaviest damage, was discovered to be on the Federal Aid Secondary System. We were verbally assured that this would not be a problem and the federal highway people would take care of the situation. It was approximately 4 1/2 months after the flood and much letter writing and bureaucratic red tape before they sent a team down to look at the road in question. Immediately after the flood our workers worked seven days a week for approximately two months - restoring washed out roads, damaged blacktop, clogged ditches, and plugged culverts. On the particular road in question we had expended over $37,000 in equipment, labor and material in order to make this road a passable road for the traveling public. Because we had brought the road up to a good condition the federal review team claimed they didn't see anything wrong with the road, which meant we would not receive any funding. It seems hard to believe that

immediately after the storm the FEMA review team felt it should be funded. Then 4 1/2 months later a FHWA review team felt they should not be funded. I could have left the road in the damaged condition and forced people to drive through broken blacktop and water running over the road, and we probably would have been funded. It seems we were penalized for doing a good job.

I believe FEMA should be responsible for taking care of all the roads in the flood situation (both F.A.S. and Non-Secondary) and they can decide who should pay for what damages.

3. Getting funds back to counties in our financial situation should be expedited. The first 75% went relatively well. The time delay in getting the remaining 25%, along with the necessary paperwork, at times almost seemed like it wasn't worthwhile.

We have had to pay for many items pertaining to the flood out of our budget and without reimbursement there will be no road maintenance program in the '91 season. I would recommend putting the last 25% on the fast track so as not to pose a hardship on small communities and counties.

In closing I appreciate being given the opportunity to speak. We of Harrison County are very appreciative of the help we received from FEMA.

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